Daily Report

Latin America

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Avianca Airplane Hijacking Incident Ends

PA2305154188 Madrid EFE in Spanish 1513 GMT 23 May 88

[Text] Panama City, 23 May (EFE)—The hijacker of a Colombian airplane that was diverted to Panama said today that he is "terminally ill" and wants to "die peacefully in Panama," according to passengers and airport traffic controllers who have been following the process of the hijacking.

According to the passengers, who were released before the Boeing 727 Avianca Airlines aircraft left for Panama, the hijacker is a short, young male of slight build, dressed in a casual black denim jacket and a baseball cap.

The hijacker, who has not yet been identified, entered the pilot's cabin as the airplane was taking off from Medellin on a flight to Bogota and forced it to return to the Jose Maria Cordoba Airport in Medellin, where he released the 131 passengers and flight attendants.

Apparently, there are only six or seven people on board, including the hijacker and three crewmen. (It is not clear whether the other two or three people are passengers or Avianca employees).

According to Colombian radio stations, the airplane is already overflying Panama City.

Colombia Rejects Demands

PA2305192988 Paris AFP in Spanish 1857 GMT 23 May 88

[Text] Bogota, 23 May (AFP)—Yesid Castano, director of Colombian Civil Aeronautics, has said that the Colombian Government will not negotiate with the hijacker of a commercial plane belonging to the Avianca company, who is demanding $100,000.

"We are not going to negotiate," Castano said emphatically, adding: "Under no circumstances are we going to provide the money that the individual is demanding. He added that the hijacker had managed to evade security systems at the airport in Medellin, 500 km northwest of Bogota.

The hijacker, who is 1.67 meters tall and bearded, and who claims that he wants to "die peacefully," has requested that the Colombian Government give him $100,000 at the Aruba airport. He said he would pick up the money during a stopover in Aruba on his way to Havana.

The airplane spent 3 hours and 16 minutes parked at the Panama City airport and was refueled with 40,000 pounds of gasoline [as received], after which it took off in the direction of Cuba at approximately 1816 GMT.

At approximately 1833 GMT, the control tower at the Colombian airport in Barranquilla, 1000 km north of Bogota, reported that the hijacked airplane had entered Colombian airspace en route to Aruba.

Crew Says Hijacking Over

PA2405010188 Buenos Aires REUTER in Spanish 0037 GMT 24 May 88

[Text] Bogota, 23 May (REUTER)—A Colombian plane that was hijacked today and taken to Panama and Aruba unexpectedly landed in Cartagena, Colombia, when it was supposedly flying to Cuba.

The three crewmen came down the plane's steps and said that the odyssey had ended. There is no news about the hijacker yet.

Hijacker Vanishes in Cartagena

PA2405034688 Bogota Inravision Television Cadena 1 in Spanish 0025 GMT 24 May 88

[Text] [Station announcer] We have a last-minute report from Juan Dario Lara. Did you contact the plane's pilot?

[Lara] Yes, we have contacted the pilot. Here is his statement:

[Begin recording, in progess] [Pilot] ...nervously with a grenade in his hand. He always held a grenade ready to explode as he said he had nothing to lose. We left for Cuba. During the flight we told him that we did not have enough fuel and that it would be better to land in Cartagena.

Based on his knowledge of the aircraft, during landing he said that he would sit down and that he would be looking at the rear of the plane to see if anyone boarded the plane. He added that he would throw the grenade at anyone who dared to board the plane.

After we landed, while turning around to return to the ramp, we saw that the runway lights had been turned on. When we stopped at the ramp, we saw that he was not inside the plane. We inspected the aircraft and confirmed that he had jumped out of the plane at the end of the runway.

[Lara] He jumped out in Aruba?

[Pilot] No, here in Cartagena.

[Lara] Oh, in Cartagena.

[Pilot] [Words indistinct] we tried to land. We landed with all the lights off because he said he was very nervous. He repeated many times while holding the grenade that he had nothing to lose, while we and Avianca did have something to lose.

[Lara] Did he ask to go to Cartagena instead of Havana?

[Pilot] He first asked us to fly to Havana. We did not have enough fuel, however, so we told him he could get the money in Cartagena. He demanded $100,000 because he said he had to arrive in Havana with money; otherwise, he would not be allowed to stay there.

[Lara] I see.

[Pilot] Anyway, the company will issue a more detailed report. The important thing is that Avianca, through me and my colleagues, did what we had to do.

[Lara] Captain, how do you think the hijacker managed to get out of the plane when you were...

[Pilot, interrupting] He went out the middle exit door. While turning around, the plane moves slowly because the runway is very narrow. So, with his knowledge of the aircraft, he jumped out of the middle exit door. We continued to taxi down the runway for 5 more minutes, on the assumption he was still inside the plane. [end recording]

Hijacker Arrested

PA2405121088 Paris AFP in Spanish 1148 GMT 24 May 88

[Text] Cartagena, Colombia, 24 May (AFP)—Albeiro Jimenez, the man who hijacked the Avianca plane on Monday, was arrested today by the police in this historic Caribbean beach resort.

The police told AFP that the hijacker still had the grenade with which he frightened the Boeing 727 crewmembers; however, it has been established that it was a training grenade.

Group of Eight To Meet in Oaxaca 24-27 June

PA1905132588 Managua Domestic Service in Spanish 0300 GMT 19 May 88

[Text] Mexico City—The Mexican Foreign Secretariat confirmed today that the foreign ministers of the Group of Eight, which includes the member countries of the Contadora Group and the Support Group, will hold a meeting in Oaxaca. The foreign ministers' meeting is scheduled for 24-27 June, and its purpose is to prepare the agenda for the group's second presidential summit in Uruguay in August.

Consensus of Cartagena To Meet in Montevideo

PY1905171488 Madrid EFE in Spanish 0121 GMT 19 May 88

[Excerpt] Montevideo, 18 May (EFE)—The foreign and economy ministers of the countries comprising the Consensus of Cartagena, which are Latin America's most heavily-indebted countries, will meet in Uruguay to analyze the aspirations that they will submit in a document to the summit of the most industrialized nations.

The document will be submitted by Uruguayan President Julio Maria Sanguinetti on behalf of the Consensus to the summit, scheduled for June in Toronto, Canada.

Uruguayan diplomatic sources have not disclosed the date of the ministerial meeting, but it was reported that it will be held this May.

Uruguay holds the temporary secretariat of the Consensus, whose members are Argentina, Bolivia, Brazil, Colombia, Chile, Peru, Ecuador, Mexico, the Dominican Republic, and Venezuela. These countries account for 90 percent of Latin America's total debt, which amounts to approximately $400 billion.

The letter to the Toronto summit will be the third that Sanguinetti will submit on behalf of the presidents of the countries of the Consensus to the chiefs of state of the industrialized nations: the FGR, Canada, the United States, France, Great Britain, Italy, and Japan. [passage omitted]

Cuba

Raul Castro Receives Angolan Defense Minister

FL2305161388 Havana Tele-Rebelde Network in Spanish 1235 GMT 23 May 88

[Text] Colonel Pedro Maria Tonha, defense minister of the People's Republic of Angola, has arrived in our country. He was received by Army General Raul Castro Ruz, second secretary of the PCC and minister of the FAR, at the Jose Marti International Airport.

The Angolan defense official, who is heading a military delegation, is visiting Cuba at the invitation of the Ministry of the FAR. The visitors were also received by Division General Senen Casas Regueiro, Politburo alternate member and FAR first vice minister; Division General Julio Casas Regueiro, member of the PCC Central Committee, FAR minister, chief of the FAR Rear Services; and other generals and officers of the FAR. Luis Dokui Paulo de Castro, Angolan ambassador to Cuba, was also present.

Tanzanian Minister Visits; Received by R. Castro

FL2305151188 Havana Tele-Rebelde Network in Spanish 1235 GMT 23 May 88

[Text] Army General Raul Castro Ruz, second secretary of the PCC and minister of the FAR, has received Mr Salim Ahmed Salim, deputy prime minister and minister of defense of the United Republic of Tanzania.

Mr Salim Ahmed Salim came to our country on an official and friendship visit in response to an invitation from the Ministry of the FAR. The Tanzanian minister and the delegation accompanying him were also received by Division Generals Abelardo Colome Ibarra and Senen Casas Regueiro, first vice ministers of the FAR and permanent and alternate members of the Politburo, respectively.

Mr Salim Ahmed Salim and the Tanzanian delegation will meet with Cuban leaders during their stay here.

Parliamentarians Pay Official Visit to Ireland

FL1805133388 Havana Radio Progreso Network in Spanish 1100 GMT 18 May 88

[Text] A group of Cuban deputies have begun an official visit to the Republic of Ireland at the invitation of the Dail, the parliamentary organization of that European country. The goal of the visit is to promote relations between the two legislative bodies.

Cuba and Ireland do not have diplomatic ties.

Meet With State Minister

FL1905134488 Havana Radio Progreso Network in Spanish 1100 GMT 19 May 88

[Text] (Sean Callery), minister of state for foreign affairs of the Republic of Ireland, has met in Dublin with a group of Cuban parliamentarians headed by (Anisio Leon), deputy of the Cuban National Assembly of the People's Government.

Comment on Bilateral Ties

FL2305163388 Havana Radio Progreso Network in Spanish 1100 GMT 23 May 88

[Text] A delegation of Cuban parliamentarians has just completed a visit to the Republic of Ireland. The delegation meet with high-ranking political officials of that country, including Charles Haughey. The Cuban parliamentarians said there exist possibilities for expanding bilateral ties in the areas of culture, sports, and, at an initial level, trade.

CDR Members Receive Colombian UP Delegation

FL2005205688 Havana Radio Reloj Network in Spanish 1936 GMT 20 May 88

[Text] Members of the Committee for the Defense of the Revolution [CDR] number 12, zone 19 in Cienfuegos have met with leaders of the Patriotic Union [UP] of Colombia.

The CDR members gave the visitors a thorough briefing on the work done by their organization, especially with regard to such subjects as the revolutionary guard, health, and education.

Haiti

Manigat Government Said Facing 'Big Problem'

FL2305215588 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 23 May 88

[Text] The government of Haitian President Leslie Manigat and Prime Minister Martial Celestin, 100 days after coming to power, is facing a big problem. It is the climate of insecurity which has led to more than 20 people being shot and killed in a single month, mostly in Port-au-Prince, and which is threatening the establishment of the rule of law that the new team says it is setting up.

The government recognizes the dissuasive effect of this climate of insecurity on foreign investment. Mr Manigat said the climate of insecurity was created by social violence resulting from an improper distribution of wealth, as well as by political violence, which he says is due to nostalgia for power, meaning people thirsting for power, people who would like to hold onto power but who lost it. However, he has not named any names to date. In last week's press conference, he said there were three sectors involved but didn't dare name a single one of the sectors.

In order to counter this climate of insecurity, Prime Minister Celestin proposed the reorganization of unarmed vigilance brigades under the control of the Interior Ministry and the police. These had been forbidden a few days after they appeared last November.

This plan was quickly condemned by the opposition, which saw in it attempt to resurrect the tontons macoutes, the governmental militia under the Duvalier government.

Many people also interpreted this plan as a kind of acknowledgement on the part of the government of its impotence, of the impotence of the Army.

The Army, a real balancing pole for the country's political life since the Duvalier dynasty left in 1986, has complained that it lacks means because of budget restrictions, that it does not have enough money to do what it would like to do.

Many observers say that what is going on in the country is not clear at all. These same observers also note the absence of several high-ranking military authorities—among them, Armed Forces Commander in Chief General Namphy—at the president's side during last Wednesday's flag day celebration.

We trust the Army, the president said during his press conference on Thursday, stressing that the civilian population should help the forces of order in their work. However, there is no question of reestablishing a parallel force. He remains opposed to any such thing.

In addition to these problems, there are other big problems: the big difficulties encountered in the recent past under the CNG [National Government Council]. In the forefront is contraband, which dangerously threatens the country's fragile economy. There is also the matter of U.S. financial aid, which was suspended as a sanction for the aborted elections of November 1987, when the population that was going to vote was massacred in different parts of Port-au-Prince and in provincial towns.

The government, pledged to undertake, with military support, a difficult struggle against contraband in order to stop the decline in income from customs duties, was well aware of the difficulty of the undertaking.

AFP continues: There is an as yet unconfirmed rumor regarding the closing of a provincial port that turned into a riot last week in Saint-Marc. There was a big demonstration and the Army did not in any way oppose the demonstration. It permitted the demonstration in favor of contraband to unfold freely.

During this first demonstration against the government since the chief of state took office last 7 February, there were many cries of "Down with Manigat, but long live the Army." Thus there were slogans that have already been used before in the past but which don't seem to (?apply) today.

According to AFP, the new government has obtained its best results in foreign affairs, with the admission of Haiti to the Lome accord and with the aid obtained, such as $4 million worth of aid from Taiwan, 5 million Deutsche marks from the FRG, and $1 million from France. Paris is also for the first time preparing to help with the balance of payments. Canada is going to increase its aid, while Venezuela might give Haiti some oil, and this possibility is being studied, they say.

However, this money is not nearly enough to get the country out of its current situation. There had been $60 million in U.S. aid planned for 1988. The aid being given by the other countries cannot make up for the U.S. aid not given—some $60 million still suspended under pressure from Congress. Also, $20 million from the World Bank and $17 million from the IMF are still pending.

AFP goes on: In view of a vigilant parliament, one with broadened constitutional powers in which the members of the president's party are in a minority, and considering that it is generally believed the Army is going to remain on the political scene for many years to come, President Manigat's margin for maneuvering remains limited despite his talents. AFP says President Manigat is not ruling the country properly because his margin for maneuvering is restricted. He cannot spread his wings the way he would like to because his margin for maneuvering is very limited.

Although the great majority of the population aspires to development and calm after 2 years of turbulance during which much blood was shed and many lives were lost, and though the opposition appears to be demobilized with the presidential chair taken for the next 5 years, the situation in Haiti is not clear at all.

This is a lengthy AFP analysis of the situation in Haiti 100 days after Manigat's rise to power on 7 February 1988. AFP says the president's margin for maneuvering is limited.

Salinas de Gortari Speaks on Economic Policy

PA2005012688 Mexico City UNOMASUNO in Spanish 20 May 88 pp 10-13

[Speech by PRI presidential candidate Carlos Salinas de Gortari to PRI meeting in Monterrey, Nuevo Leon on 19 May 1988]

[Text] Mr Jorge Trevino, governor of the state and leading PRI member in the state, Mr President of the National Executive Committee, distinguished members of the committee, ladies and gentlemen, dear countrymen:

Today I have come to this great city, which has played a leading role in our development, to discuss the economic challenge the Mexicans are facing. Only a healthy and growing economy can strengthen the conditions that support and motivate the defense of sovereignty, the deepening of democracy, and the advancement of justice. After my speeches in Cuatrocienegas, Puebla, and Chalco regarding sovereignty, democracy, and justice, I now want to advance my proposal regarding the economic modernization demanded by our economic and social goals as a nation.

I have also come here to acknowledge the character and work of the men of Nuevo Leon. Monterrey, the natural path between the Sierra Madre and the interior of the country, flourished through commercial exchange. In the final quarter of the past century, despite its inhospitable location, Monterrey was the cradle of the vigorous beginnings of our country's industrialization. In the 20th century, the broad national take-off of the 1940's and 1950's found in Monterrey a pillar of development. Many industries such as iron, steel, chemistry, beer, and glass prospered. Workers of great abilities were born here, capable professionals, captains of industry. Capable and enterprising business groups soon emerged, groups that were never satisfied with their success, and were always committed to Mexico. Nuevo Leon, this great city, this example within the country and abroad of dedication to work, of self-confidence, of extraordinary individual and collective imagination for progress, represents, to a large extent, what the Mexican people can achieve through effort and will.

As in Monterrey, our country's progress has never come easily or effortlessly. It has been the result of our constant effort to organize ourselves socially and politically, of resisting limitations and dependence, of opening society to productive cooperation, and of working continuously and permanently with a clear view of our national goals. The colonial period wrote an economic history of difficulties in production and commerce, of estates and servitude, of transferrence of our resources to the ancient metropolis.

Independence did not bring a change in the economy. The country, disorganized and defeated by instability, developed ideas on protectionism and free exchange that were words more than reality.

The true battleground in the 19th century involved the priviliged and the corporations. The Porfiriato [reference to Mexican President Porfirio Diaz' administration] encouraged [the development of] industrial infrastructures, with a high price in terms of restrictions of freedoms and an excessive concentration of land ownership, capital, and power. Pressured by social outcry, the 1907 economic crisis rapidly resulted in a transition from an extinct world to one about to be born.

The 1921 census revealed a disintegrated and poor country with a shaky and unproductive economy concentrated in the northern and central part of the country. A country with runaway inflation, without its own currency, with oil and mines in foreign hands, and isolated from financial markets. However, nothing stayed the same. A new consensus between the country's main social forces ensured the country's future in the national plan included in the 1917 Constitution.

With Obregon and Calles, the basis for national reconstruction was established. Roads and dams, public property, national banking, and the cleaning up of domestic and foreign credit were the new economy's first results.

The enclave system was broken. With the expropriation of the oil industry, Lazaro Cardenas took a big step toward greater independence. Big political projects that helped some sectors were carried out; new financial and fiscal systems were created; an unprecedented effort was made to ensure better income distribution for peasants and factory workers. Following World War II, the basis for industrial development had been set. Avila Camacho knew to call upon all private individuals to pitch in with their initiatives, with the government's encouragament. The Miguel Aleman administration gave the greatest push for Mexico's productive transformation.

For nearly 2 decades, following the successful 1954 stabilization which coincided with the continued economic and world trade booms, a long period elapsed with the coordination of the goals of a mixed economy, stable prices, the financial middlemen, salary increases, and the growth of domestic trade. A vigorous program of public and private investments eventually led to a gradual expansion of development.

In 5 decades the country made great strides in its development. This evolution did not occur on its own; progress was not continuous, either. Each administration faced a different set of circumstances. Sometimes severe social confrontations ensued. Sometimes the national economy experienced crises. Sometimes certain groups risked weakening the purpose of the Mexican revolution. At the end of the 1960's, the growth in population, the foreign trade deficit, the drop in revenue, and the lessening of agricultural dynamism pointed to the obsolescence of the model of substituting imports and subsidizing industrial production.

Because of this, seen in its historic perspective, attempts to stop the great world economic change that occurred in the 1970's were hopeless. This was the definite abandonment of a development strategy that no longer fit the country's situation.

For several years, economic growth and employment were maintained through greater business subisidies and an ever-growing state participation in the direct production of goods and services. To maintain the levels of welfare, public spending was used, without taking into consideration important noninflationary finance limits. As a result, there were periods of recovery, but with inflation, followed by periods of adjustment and stagnation.

During the second half of the last decade, oil allowed an even greater acceleration of public and private spending. Expecting income from future exports, the country incurred a deep foreign debt. At the beginning of the 1980's, when optimistic forecasts did not materialize, a crisis ensued. At the start of the current administration, the economic and social situation was dramatic and discouraging. Domestic and foreign conditions had suddenly become critical. Our institutions went through one of their hardest tests. To the structural imbalances accumulated over many years, one had to add the problems of the debt, a public sector without resources to provide its services, an unprecedentedly harsh international atmosphere, high foreign interest rates, low world economic activity, export barriers to developing countries, and the sudden suspension of foreign financing.

The work of a prudent, firm, conciliatory, and persevering leadership was seen in the recovery of our monetary sovereignty, in the fixing of our financial markets, finding order and discipline in the economy, and beginning the structural change in production—all of this with the broadest protection of liberties, with social peace, and with strengthened institutions. This is the legacy of President Miguel de la Madrid. Spectacular, short-lived measures have not been used; much less the easy postponement of responsibilities. Instead, there has been a giving of oneself with patriotism to benefit the country.

Much government work has taken place to correct the fiscal imbalance, to help the economy, to support urgent and strategic public projects, to encourage the government's social policies, to rationalize commercial protection, to strengthen business finances, and to gear production toward exports. All this is providing the solid basis for the construction of a stronger and more just economy.

Throughout all these years, the people and the government, together, have made a tenacious effort, for specific goals, and with appropriate work suitable for moments of uncertainty, pressure, and crisis.

The conditions the country had to endure in the past few years did not permit finding a solution to our problems as fast as would have been desirable. There were external adverse situations and domestic problems that negatively affected the economy during the restructuring process. However, now, in the framework of democratic planning, social agreements permit the culmination of the economic work of the current government. These agreements are also making evident the importance of the reconstruction and improvement task that has already been accomplished.

The reduction of inflation that we can notice already would not have been possible without the firm progress that has been made as a result of 5 years of sustained efforts. With the continuing success of the pact, the Mexican economy will find the sources that will serve as a basis for more progress. In the next decade we will find in the world both restrictions and opportunities. A far-reaching technological revolution is on. This revolution reduces distances and time. It is making changes in the demands for raw material and labor. It is creating a new international division of labor and it is making new competitive demands for quality.

It is expected that the oil supply surplus in the international market will not cease until late in the 1990's. Situations of financial and commercial imbalance have exerted pressure on the markets. The diversion of credits, higher interest rates, and protectionist policies have put limits on the participation of developing countries in the new currents of the world economy.

This situation must change. The challenge is to expand our initiatives to positively participate in a grand world transformation, to reduce our vulnerability, and to promote the strength of our nation and the well-being of the Mexicans through more effective involvement in the world economy.

We are starting on this road today based on an analysis of our true situation, our history, our achievements, our deficiencies; based on the changes and the outlook of the new international situation.

In the face of all this, I came here to propose a new, modern, economic development strategy. Its objective is to satisfy the needs and aspirations of our people. To accomplish this, I propose to consolidate the knocking down [abatimiento] of inflation and prevent its resurgence. I propose to recover the sustained growth of economic activity and the generation of employment, and I propose a gradual improvement of real wages and the distribution of income.

I state, with the conviction that direct and sometimes painful contact produces, that my most important commitment, in the economic field, is the eradication of inflation, its reduction to a level similar to that of the developed countries.

As a nation, and contrary to what is true for other countries, Mexico has discarded the idea of coexisting with inflation. Inflation is unacceptable, because income

is concentrated in a few hands; because inflation discourages investments, promotes speculation, diminishes value, and weakens our currency. Inflation destabilizes the real prices of goods, reduces the possibilities of economic activities, and does not permit planning.

In an inflationary environment, production-related activities become inefficient, the economy is inhibited and becomes atrophied, the future becomes uncertain, and social coexistence deteriorates.

Today there is general agreement in the country. The reducing of inflation and sustained growth within a just framework will be possible only by safeguarding price stability. Renewed growth will be the economic imperative of the 1990's. We will grow again at a rate twice as high as that of the population increase. Growth is essential to create the 1 million jobs a year that must be created for the emerging labor force. We will grow to have the material basis for well-being and [properly] distributed income. Our challenge is not just to get out of the recession. I am sure that there is significant latent growth in the Mexican economy, in the population, in new regional dynamic situations, in the new opportunities, in the new initiatives. I have noticed throughout my political campaign that our nation has the capability to produce changes and prosperity.

Stagnation is not the natural state of our economy. We Mexicans reject a fatalistic view of our economic life. We have the ability, the will, and the strength to make changes. In the next year there will be several sources of sustained growth: private investments, nonoil exports, public investments in the country's infrastructures, and the expansion of the domestic market. Private investments will undoubtedly play a fundamental role for several reasons. Increases in manufacturing and in exports play priority roles in development strategies. Manufacturing and exports are two main fields of private enterprise, including the small and middle-sized enterprises. Another reason is the financial strength of big enterprises. This strength improves their capabilities for initiating new projects.

Nonoil exports will be a permanent and essential part of our production growth. These exports represent a characteristic and definite mark of Mexico's new development strategy. They are necessary to prevent an eventual lack of equilibrium in the balance of payments from turning into an obstacle to growth. These exports will also represent a guarantee of more efficiency in our production and of better quality in our products.

Public investments will be a key factor in renewed growth, not because of the size of these investments, but because of their strategic importance for the expansion of the country's basic infrastructure. These investments will mark the pace of the global expansion of the economy.

If we have proposed for ourselves the task of recovering only a moderate growth rate at the beginning of the next administration it is, to a certain extent, because a more ambitious goal would represent the emergence of bottlenecks due to the current lack of infrastructures and this would produce new forms of inflationary pressure.

Finally, new jobs and the strengthening of the purchasing power of salaries will contribute to expanding the domestic market, especially the market involving goods for mass consumption.

There is no contradiction in paying attention to the promotion of exports and to the domestic market. There is no substitution role to be played by private investments or public investments either. They logically complement each other.

The new economic strategy will use fiscal, monetary, commercial, and public expenditures as tools to harmoniously organize these essential sectors. The purpose of this is to have the flexibility to adapt to changing situations, to avoid macroeconomic problems and problems with various sectors, and to guarantee moderate growth and price stability.

The economic strategy I propose will have four main parts: development financing, deeper structural changes, an emphasis on a broader infrastructure, and modernization of our productive sectors. Development financing is the key to the new economic strategy. As for the foreign debt, we will proceed from the clear progress we have achieved so far through the strategy of firm negotiation.

We settled the problem of liquidity first. We reorganized the payment schedule. We introduced contingency clauses. Recently, we observed an improved acceptance of write-offs [quitas] of the debt's principal by our creditors. Undoubtedly, Mexico's position is now sounder. The country's net indebtedness has decreased during the past few years. The domestic economic reorganization that has taken place gives us the strength and authority to begin a new stage of firm and fair negotiations with our international creditors.

As the main goal in regards to the foreign debt, I propose write-offs of the principal and smaller interest payments. Mexico's recovery demands this. We must take advantage of the secondary market discounts. The true amount of our foreign debt is determined in this market. To achieve this, we will first firmly negotiate with international banks, multilateral organizations, and the governments of industrial countries. The next steps will depend on these governments' stance and response. We will talk more with other debtor countries.

Foreign debt payments will have to be adjusted to the international situation and made in accordance with domestic economic growth. If we fail to grow because of the foreign debt load, we will not pay. I have pledged to

raise the Mexican people's standard of living. We have reached the limit of domestic sacrifice. We will grow again to improve the living conditions of all Mexicans.

Let us also admit that if we do not continue to solve our domestic structural problems, we will not be able to sustain permanent growth again. We had problems before we got into debt. We will continue to have them even after we overcome the current debt restrictions. Just as it happened before, as it happens now, and as it will happen hereafter, the solution to the debt problem will not come from outside the country. It depends on ourselves and our actions and our collective ability to implement them. The debate on Mexico's economic development is not restricted to the foreign debt, as some opposition parties think.

In these parties' many speeches on this, we have observed not only a demagogical search for profit in the eyes of the public, not only the frivolity of dramatic appeals without reason or a plan, but a political evasion of a serious debate on the fate of the national economy. In the face of the foreign debt problem, we do not propose irresponsible formulas of confrontation or temporary fixes. Yet, through firm negotiations, we will find permanent solutions. We will lower the net amounts transferred abroad, in order to use domestic savings for productive investment in our new development strategy.

Domestically, my proposal is twofold: Modernization of the national financial system and strict balance of government finances. This will result in significant public sector savings. The financial system, in all its forms, institutions, and instruments, faces the great task of recovering and increasing the amounts received as national deposits and channeling them efficiently and timely into the productive process.

To fulfill this responsibility, I have pledged to ensure stable macroeconomic conditions, apply consistent monetary policies, and, keeping the current forms of property, modernize the legal framework that governs all financial intermediaries. Realism will be a fundamental criterion for the policies that will determine the performance of the financial system. Exchange rates will remain at the proper level to foster exports permanently and prevent price instability. Exchange rates and a safe, honest, scrupulous handling of the money deposited will permit greater and greater savings in national currency and the domestic financial system.

More efficient intermediaries will make it possible to have smaller differences between active and passive interest rates and permit better loan distribution among various regions and sectors. Financial subsidies will only go to sectors of very high social priority. Clearly, the banks' purpose is to serve the nation. Because of this, banks must act efficiently, seeking to achieve a balance between competition and cooperation. The guarantee of absolute privacy of the depositors' money and the regulation of the overall amount available as loans for the economy make supervision by the authorities necessary. We must ensure, however, that the enforcement of this regulation does not either result in unnecessary rigidity or degenerate into bureaucracy. To avoid this, we will establish a better balance between the regulations—which are made necessary by the requirement to have overall control, by monetary policy reasons, and by our need to maintain autonomy in our actions—on the one hand, and the flexibility of response essential to a responsive, efficient system on the other.

We must limit regulations on savings protection and the soundness of portfolios, rather than on the specific implementation of credit operations.

Mexican banks, which are the country's most important financial institutions, should be able to expand their activities, like banks in other countries, in the field of services, financing, capitalization, and restructuring of production. We will review—objectively and strategically—the role of development banks and development funds and trusts in the current financial system. Those functions that can be better handled by the network of nationalized banks must not be duplicated by functions in development banking.

We will improve the interconnections between the banking system and the nonbanking financial middlemen, insurance companies, bonding companies, leasing companies, and credit unions. We will profoundly review the regulation of the securities market in order to expand its functions on a sound basis and to protect the interests of the investing public. We will prevent abuses, a proliferation of speculation, and unnecessary risks. Our finance system must conform with and promote the changes characterizing our development strategy.

Public spending cannot always be greater than treasury revenues. For this reason, it is indispensable that the public sector's prices and rates not involve subsidies that may hinder the achievement of fiscal balance. At the same time, they must not limit the competitiveness of the production system. Subsidies must be really selective and can continue to be granted only under clear-cut rules to guarantee their effectiveness and clarity.

The fiscal policy must generate enough public revenues to ensure the sound carrying out of government activities. It must prevent the taking of undesirable risks in economic decision-making for purely fiscal reasons. But it must guarantee that, all things being equal, individuals and businesses will pay the same and that he who has more will pay more. To ensure efficiency and equitability in fiscal matters, my proposal calls for expanding the tax base and reducing tax rates, giving the required impetus to fiscal simplification, making effective progress in the struggle against tax evasion, and revising the system for coordination between the federal government and the states and municipalities.

Regarding the corporate income tax, my proposal calls for granting a more favorable treatment to reinvested earnings but offsetting this by increasing the tax on distributed earnings. We will simplify fiscal procedures to promote voluntary compliance. In part, the current complexity stems from the need to protect collections from high inflation. With stable prices, it will be possible to simplify and reduce the frequency of tax filings.

Let us reflect upon the advisability of soundly applying the new tax base on the income of enterprises beginning next year, eliminating the dual system, which complicates administration. It was devised for an inflationary situation. I will consolidate the campaign against tax evasion, promote compliance with tax obligations, and avoid persecution. I will firmly enforce the laws on tax evaders. I plan to make progress toward a more integral system of fiscal coordination, to review the formulas for revenue sharing [distribucion de participaciones] so they will reflect the economic reality of the regions, to bolster local taxation to make the modern municipal system fully effective, and to encourage efficiency in the management of federal and municipal bodies by granting direct incentives on collections.

The second aspect of my plan deals with the irreversibility of the ongoing structural changes, the reshaping of the public sector, the opening toward the outside world, and the decentralization of economic activities. Full attention to the strategic and priority areas entrusted to the state within a framework of strict control of public spending requires that we deeply work on the streamlining of the government's productive machinery. I plan to conclude the privatization [desincorporacion] of nonstrategic or nonpriority enterprises that reduce the public sector's savings. The existence of a deficit-ridden public enterprise devoted to activities of little significance can hardly be justified if at the same time the government is not paying enough attention to other sectors of higher social priority.

The strategic and priority enterprises require utmost attention and devotion from public employees. Public enterprises are and will continue to be a fundamental part of our development. I intend to place them on a sound basis and to strengthen them through honest and capable management with the help of their workers and the support of the federal government in order to confront the challenges of modernization, technological change, and foreign competition.

We will consolidate the opening of our trade to the outside world and promote direct foreign investment. The opening of our economy to foreign competition is an irreversible fact. We will only make the specific adjustments that circumstances may dictate. We will maintain a realistic exchange rate that will provide adequate protection for national producers. The success of businesses will cease to depend on income stemming from excessive protection, unwarranted subsidies, or inadequate salaries, and will be based—as proposed by businessmen themselves—on productivity and the ability to organize production and trade. To do so, we will create the conditions concerning infrastructure, provide access to inputs, make technology available, and establish simple regulations, tax burdens, and credits under terms similar to those prevailing abroad.

In an economy that is more open to international trade, foreign investment must play a more positive role. It can decisively contribute to the generation of jobs, technological modernization, and the opening of new export markets. It can also significantly complement national savings. A greater competitiveness of potential imports keeps transnational enterprises from obtaining extraordinary earnings on the domestic market.

Mexico is a mature country with the intellectual, legal, and economic capacity to assimilate larger flows of foreign investment for the benefit of all Mexicans without compromising our sovereignty and freedom of action. For this reason, we will promote measures to encourage foreign investment with selective criteria to support our economic strategy goals. The centralization of administrative decisionmaking and the geographic coordination [concertacion] of activities are roadblocks to national development. Overcoming them is a fundamental part of our strategy for structural changes.

I propose giving a new thrust as regards the basis of what has already been accomplished to eliminate unnecessary formalities that were previously carried out in the country's capital and are now repeated here, in the sovereign states. Along with the greater commercial opening, I plan to eliminate internal regulations that are now unnecessary to guarantee conditions for competition. The fewer the regulations, the greater will be the capacity for decisionmaking of the states and municipalities. The decentralizing commitment of the federal government and the new orientation of development will permit greater action and use of the productive talent of Mexicans throughout the national territory.

The third area of my economic proposal concerns the construction of the infrastructure, especially in communications, transportation, and energy. The physical infrastructure and, in great measure, the basic supplies provided by the state are factors holding back the speed of the modernization process. Without efficient communications and transportation systems, without an adequate supply of good-quality energy, it is impossible to seriously achieve efficiency with regard to our production capacity.

Without ignoring the important advances made in recent years, it is in the communications and transportation fields that, throughout my campaign, I have heard the strongest demands by society concerning insufficient or low-quality service. The combination of price increases and poor service justify the legitimate irritation of the consumer. I propose to continue giving priority to the

integral modernization of the railroads, based on efficient administration and active participation of the workers. In the short term, I will concentrate efforts on the upkeep of tracks and rolling stock, make its operations more flexible, make greater use of the infrastructure and the existing equipment, and provide better service to the consumer.

In the mid term, we will undertake a wide-ranging project that includes two-way tracks, electrification, interconnections, and all adjustments [adecuaciones] appropriate to railroads of the 21st century.

We will undertake extensive modernization of the highway network, giving it priority in public investments and seeking complementary participation by the private sector and the states of the federation. In motorized vehicle transportation [autotransporte] we will have to modernize the present scheme of regulations through talks between the authorities, those who supply the service, and the consumer to eliminate the obstacles that make service difficult, in such areas as suburban transportation, tourism, and the forwarding of freight for foreign trade.

The operations, infrastructure, and equipment of our ports must also be modernized to forge an efficient link in the transportation chain.

Modernization is indispensable in telecommunications and computer science. We will promote accelerated growth of Telefonos de Mexico to adapt it to the existing requirements, improve quality, increase the participation of the workers in the optimal use of current technology, and create additional opportunities for participation by the private citizen because of the huge investments that will be required for its indispensable expansion. We will review the legal norms to bring them into line with the technological dynamics of the services they regulate.

We will advance toward the complete digitalization of the microwave network and promote a better use of our satellites. In this sector's industry, we must take advantage of the opportunities provided by an expanding domestic market.

In the field of energy, while maintaining state ownership and control as provided for in the Constitution, we must ensure the availability of energy resources demanded by growth and promote its more efficient use. To accomplish this we will maintain a careful balance between the adequate operation of the plants, the diversification of energy sources, new financing plans, and a policy to ensure the long-range stability of prices that will induce savings in energy consumption.

We will explicitly define a petrochemical policy to involve the participation of public and private sectors because of their inherent strategic capability to promote industrial branches with their corresponding structure.

The fourth area of my economic proposal encompasses the modernization of production capabilities. Regarding industry, I will maintain clear, stable, and consistent policies as an indispensable condition to assure those who take risks. I will give priority to the creation of the overall infrastructure necessary for industry. The measures to develop the essential sectors will be based on clear and concerted agreements and on rigorously evaluated mechanisms to maintain a coherent industrial policy and production capability. We will give special support to small- and medium-sized enterprises.

I will promote expansion and improvement of human resources education. We will resolutely promote the interrelationship among applied research, technological development, and production as a means of finding solutions to the specific demands of industry and to mobilize greater resources. In this area we face a formidable challenge. We will take bold steps to meet it.

There can be no stable and lasting growth without a strong rural sector. It is necessary to provide equal security for the three forms of land management that the Constitution provides: The tract of land near villages [ejido], the community, and small property. It is also necessary to establish new methods of production and organization to better take advantage of Mexico's agricultural and livestock potential and to give the tiller of the land both income and dignity.

For this I propose to define formulas that will permit the cultivation of crops on grazing land with agricultural potential without the risk of being adversely affected, and recognize and strengthen organizations of producers capable of assuming functions such as the management of credit, insurance, technical assistance, the purchase of supplies and sale of products, and the marketing of fertilizer and capable of promoting the development of marketing companies and rural industries so that the greater part of the production surplus remains on the land.

I will strengthen tourism, a priority because of its dynamics, its ability to absorb labor, its wide variety of activities with regard to property, and its nationwide decentralization. I will firmly support tourism and urban and ecological planning. The large investments required to develop tourist agencies will find options of the type that convert foreign debt to capital.

There are problems of carelessness, disorder, and abandonment in the national commercial system. Modern and archaic systems coexist. On the threshold of the 21st century, we are still ruled by a 19th-century code. I plan to create a permanent consultative forum in which all sectors will participate to establish the role that each will play in the modernization of trade.

Ladies and gentlemen, we are faced with the economic challenge of growing once again, but not at any cost. It is basically a matter of collectively deciding how, at what pace, and toward what ends we will grow. The challenge

consists of ensuring that the basis of our growth is healthy and strong, that its pace will be moderate so that it can be maintained, and that it will result in increased development, well-being, participation, liberties, and, undoubtedly, justice.

Today the general demand in cities, factories, communal farms, and community groups is for greater participation in the general tasks of development, for greater openings and better opportunities in which each Mexican, in organizing his interests and demands, will be responsible for joining the task of modernizing Mexico. To be an active and dignified part of this modernizing process constitutes the democratic demand of the present hour. To demand that the fruits of modernization turn into increasing levels of well-being for the majority is a basic demand for justice. It is to this claim, this demand, that I commit my convictions and my best efforts.

Gone are the times in which economic development could depend on a single factor. Gone are the times in which the state was the instrument that solved each and every economic and social problem. Today, if we want an efficient economy and a democratically strong state, every social group and citizen must fully assume their responsibilities with regard to building a prosperous economy. This is not a new idea, nor is it exclusive to Mexico. We have participated in the worldwide wearing out of a development style that made each state the sole arbiter of its economic system.

Today most states are facing the dilemmas that arise from the restrictions imposed by increasingly complex economic problems and state duties to achieve social development. This dilemma frequently results from the lack of clarity in state responsibilities. In many cases, it is also complicated by the existence of excessively broad government apparatuses with confusing social roles that are unadapted to the nature and range of contemporary problems. In response to this need, heightened today by worldwide instability and the need to defend sovereignty and independence, states are obliged to review structures, redefine methods and economic actions, and more clearly establish the paths that will be followed.

In Mexico we have a great national plan established in the 1917 Constitution. Nevertheless, upon evaluating the direction of economic development, we frequently have limited views, almost always linked to property rules and the scope of state investment in the economy. This leads to confrontations. Some sectors, more concerned with the problems of justice, propose greater state intervention. Others, more concerned with efficiency, propose the exclusive action of individuals. Our Constitution is very clear in its definition of property rules and the concurrent roles played by the public, private, and social sectors of the economy in the country's development. Our Constitution very clearly links our economic intentions with other fundamental goals of our national project: the defense of sovereignty, guaranteed social rights and justice, and the strengthening of democracy.

In our Constitution, economic goals do not dominate social and political goals; the three complement each other. In Mexico, there can be no development without a public sector capable of guiding it. In Mexico, development demands the broad and efficient participation of the public sector and an efficient contribution from a well-structured social sector. From this basic position, we have gradually adapted to changes in economic relationships with other countries, and technological, demographic, and urban changes within our own country. I have never said that the state must surrender its duty to contribute to social development. I have always supported a state that serves the majority.

Economic policy and development strategy are instruments. We must not confuse them with the constitutionally established national goals. The redefinition of the public sector's economic activities is not a withdrawal or a relinquishing of state prerogatives; it is the assignation of responsibilities, the establishment of clear rules, and the beginning of efficiency. To redefine the state's presence is not synonymous with privatization; it means to strengthen civilian society in its entirety. Our modern state will therefore not privatize economic activity; instead, it will incorporate economic activity into society. It will thus clearly establish the role of private individuals in the national plan. Of course, new opportunities are opened for the private sector, but, above all, this encourages that sector to channel its savings and investments into the country. It also creates openings for social organizations.

To transfer the control of credits, insurance, or fertilizers to producer organizations in the countryside does not weaken the state or privatize the economy; it strengthens social organizations. To promote rural industries instead of having the paternalistic state replace the producers' initiative is to strengthen civilian society. In this transformation we must acknowledge that within civilian society there are opposing interests. I propose to seek their harmonization for the basic purpose of improving the standard of living of those who have the least.

The modern state's responsibility consists of guiding social energy and vitality toward a development that will allow us the sovereign and rational management of our natural resources, a balanced distribution of activities within our territory, technological and productive progress that will make an efficient contribution to the worldwide economy, efficient and modern education, basic satisfaction for citizens and families, paid employment, and, above all, increased opportunities to choose the type of life desired. To achieve this there are two ways to reorganize an economy: one is to impose the necessary changes; the other is to facilitate the changes after a plan based upon agreements and arrangements has been made. The latter is the path I offer, beginning with a clear idea and serious decisions.

The Economic Solidarity Pact has demonstrated the benefits of democratic planning. I will therefore maintain the use of agreement as a method and system. The

state will not replace society, but neither will it be subject to a naive liberalism that will limit its ability to provide answers and proposals. The principles of state responsibility to the economy are already stated in our Constitution. To them I offer to devote myself. The methods of state participation will be those demanded by Mexico with a view to the 21st century in order to promote development and justice.

I must stress this: The government must create an infrastructure, promote social spending, and pay full attention to the strategic matters pointed out in the Constitution and the priority businesses established by law, or the development strategy must be adopted nationwide. The nation must do this while fulfilling its goals of fiscal discipline. I emphatically reiterate that during the next administration there will always be strict control of public spending because, if not, there will be another inflationary overflow.

The state cannot be defended with the vain confusion that the more it has the stronger it is, the more corporate it is the more generous or revolutionary it will be. Today an acquisitive state is weak, and a state's economic weakness does not strengthen it politically. Of such a state we could expect only political paralysis. We are on the offensive with modernization, acknowledging the state's constitutional and historical role and the complexity of the contemporary social fabric.

We must recognize that the new production processes, the new technologies, and the new social riches are not attained with bureaucratic state control or a neoliberal irresponsibility. Let us also recognize that we have no other choice: We either develop our national economy successfully, or the adverse social impact would increase tenfold and we might lose our place in the world, which we have defended at great expense and which is vital for our internal development. Mexico's modernization is complete: It encompasses our policies, society, culture, and economy. I have pointed out the new relation I propose between the state and society in the political and cultural sectors and in our international relations. To attain this goal, we must consolidate the redefinition of relations between the government and society in the economic sector.

The state's leadership will openly sponsor a new and dynamic association with the private sector, businessmen, and social groups in the countryside and the cities to attain development. The state will sponsor production and the distribution of wealth so that its political power or its historic responsibilities are not restricted to a few people, much less to allow a few to get rich. The goal is clear: We must attain strong production to create jobs, increase salaries, and improve the people's welfare, particularly that of the poorest sectors.

New openings in the nation's political life and meeting social demands for better salaries, social security, and general welfare represent a new material support that we will attain by rising to the challenge of improving our economy. I issue an overall appeal to renew the investment and development process in Mexico with a firm step and discipline on a personal basis and in a joint manner. I wish to encourage the organized workers, peasant groups, and small property owners—particularly the small, medium-sized, and large Mexican businessmen, who have an undeniable responsibility and participation in the investment process. Economic modernization calls for businessmen who fulfill a highly technical social role that adequately combines production resources; carries out production, organization, administration, accounting, marketing, and technology plans; and improves their labor relations. Production is impossible without all this.

The enterprise sector must be modernized to achieve high levels of social and productive efficiency. We have witnessed unquestionable advancements along this line. This holds true both for private and public enterprise and for the social sector. If society recognizes this necessity, if conditions oblige us to develop it, we must fulfill this responsibility of the enterprise sector by assessing and socially recognizing its productive function. We have an economic agenda strengthened by the decision of national businessmen to make long-term investments. A positive result of the crisis has been the reshaping of the enterprises, which, abandoning outmoded styles of protection and speculation, are willing to face the internal and external challenges posed by economic modernization. Without the committed participation of businessmen, it would be impossible to consolidate the nation's productive basis.

I will firmly support Mexican businessmen who demonstrate a renewed industrial attitude. If I reach the presidency by popular vote, my administration will firmly support the businessmen committed to the new strategy of learning international trade and technology trends, because in the modern-day competitive world it is not only the enterprise sector that exports, but the entire nation. Therefore, I propose a strategic alliance with private businessmen to form exporting business consortiums at the international level in which the state will fulfill its function of support, both in marketing and in the exploration of new markets. We will not have a state that subsidizes or a subsidized state, but a state that encourages progress as a firm ally of Mexican enterprises in the battle for world trade. The businessmen involved in this new exporting strategy will face risks. I guarantee them security, both personally and for their property.

To the workers in the city and the countryside, I reiterate the state's historic alliance, now renewed, to boost their income, to encourage their organizations or unions, and to strengthen their capacity to participate in the development process. The workers' participation in modernization demands dialogue on the inevitable changes in their jobs, training in new technologies, and a sense of service. This, in turn, will result in an improvement in

their real salaries, greater opportunities for advancement, more jobs, and improvement in their living standards. Without the participation of the workers, we cannot harmoniously achieve the industrial modernization demanded by Mexico. The workers' organization and commitment has been a decisive element in the guarantee of the growth of Mexico's economy. Over the years there has been a profound improvement in the levels of production and manpower, allowing the country to compete with increasing success in the diverse fields of production and services, under conditions comparable or better than that of many developed countries, with regard to the quality of work.

There cannot be economic growth without the participation of social groups, nor can there be a fair and balanced development without the direction and orientation of a revolutionary state committed to serve Mexicans. Let us not transform these new realities into policies that are abandoned or call for a return to stages that have been overcome in our history. Let us convoke, let us call on everyone to end inflation, to end all disorder or lack of decisiveness with regard to responsibilities and means, to end a lack of discipline in public spending, to end speculation in the economy, to end neopopulist illusions or neoliberal capitulation, and to end state interventionist myths or myths that blame the state for everything. We have the strength to redirect the fundamental transformations in our production and to compete successfully in the country and abroad.

Mexicans are capable people. Their dedication and production is as good as the best. Their pride is firmly based on their great achievements and on having overcome the obstacles and challenges they have faced. In view of the interest, growth and economic necessities, in view of present and future responsibilities, in order to be a part of and not a victim of international transformations, the sovereign defense and the strengthening of the Mexican identity and the defense of the path of economic development along which we will embark and by virtue of which we will strongly compete in foreign markets are priorities of general interest. Our role is irremediably there among the great nations of the world. Fellow citizens, this is a proposal for a new economic strategy, which does not mean abandoning former efforts. On the contrary. Supporting the much-needed financial reorganization we will carry out, we will take a step toward a new economic phase. It will be a phase of growth, stability, and justice. We have a firm financial basis. Let us transform the means but not the purpose of the basis of this new phase of national development. I will maintain financial discipline in the country. You can be sure of that. However, I will use that discipline as a means to awaken and promote a new growth with equity, but without inflation. That is what Mexico demands. We have an opportunity to achieve that goal.

We are already living through times which—once inflation is eradicated—precede a new age of growth, continued expansion, and international prestige that Mexico deserves because of its economic value and the strength of its society and institutions. The end of the painful process of adaptation, hard measures, reorganization, and national reconciliation is not far away. We can begin leaving times of sacrifice behind and start making efforts toward a period of prosperity. We are already preparing the birth of the new economy. The Mexicans of today and those of the 21st century will live under that economic system and will use it to create a more worthy and humane society. It is an economy of shared trust, common efforts, productive work, clear purposes, fair responsibilities and retribution [as published], and of the country's new competitiveness in the world.

We will recover full control of our economic destiny. Our new destiny will not be similar to our past ones, although it is born from and based on them. We will build a new era of strength for the nation and well-being for the people, because the determination and power to change things is in all of us. The new phase, therefore, cannot be stopped. No one will stop it. Mexicans guarantee the new phase, and Mexico's grandeur is its goal. Long live Mexico!

Briefs

New Morelos State Governor

Antonio Riva Palacio was sworn in as new Morelos State governor on Wednesday, 18 May. President Miguel de la Madrid presided over the ceremony. [Summary] [*PA1905155588 Mexico City XHTV Television in Spanish 0200 GMT 19 May 88*]

El Salvador

Taiwan Foreign Minister Meets With Duarte

OW2105064888 Taipei CNA in English 0345 GMT 21 May 88

[Text] San Salvador, May 20 (CNA)—Salvadoran President Jose Napoleon Duarte said Friday that El Salvador maintains staunch friendship with the Republic of China [ROC].

President Duarte made the remarks when receiving ROC Foreign Minister Ting Mou-shih at the presidential office. He affirmed that to maintain the solid friendship with the ROC is the consent [as received] of the Salvadoran people and this stance will not be changed.

Duarte told Minister Ting both the Salvadoran Government and people are grateful to the ROC for the assistances she has given. He also expressed admiration for the progress made by the ROC in all aspects, especially in the economic field, and expected that the two nations increase cooperations.

The president said his government welcomes ROC businessmen to make investment in El Salvador, which is an effective way for strengthening the economic relations between the two countries.

In response, Ting said the ROC much appreciates the friendship with El Salvador. The ROC government is encouraging Chinese entrepreneurs with incentive measures to make investments abroad, especially in friendly nations, he added.

Ting revealed that the ROC Government has decided to establish a one billion U.S. dollar fund for the development of overseas economic cooperation to help friendly nations develop their economy. He said he will encourage Chinese investors to visit El Salvador when he returns home.

During the meeting, Ting also presented a personal letter of ROC President Li Teng-hui to the Salvadoran chief of state and conveyed him, on behalf of President Li, hearty regards to President Duarte.

In the name of President Li, Ting extended an oral invitation to President Duarte for visiting the ROC. The president said in response that he would like to tour such an admirable and friendly nation and expects to do it at an opportune moment.

Meets Foreign Minister

OW2405081688 Taipei CNA in English 0950 GMT 21 May 88

[Text] San Salvador, May 21 (CNA)—Salvadoran Foreign Minister Ricardo Acevedo Peralta has reaffirmed the friendly relations beteen El Salvador and the Republic of China.

In his speech given at a dinner party he hosted at the weekend at the Foreign Ministry in honor of ROC Foreign Minister Ting Mou-shih and Mrs. Ting, Acevedo said the geographical distance that separates the two countries disappear in their friendship. Their mutual understanding and support developed from their common belief in the same political ideology.

"The relations that we have maintained during the last decades have constituted an unfailing source of identities and convictions shared mutually," the Salvadoran foreign minister said.

He thanked the ROC Government for the "generous support" it has rendered to the social and economic development programs of El Salvador. "The Salvadoran people and government can never forget the immediate assistance from the Chinese people and government after the tragic earthquake struck the capital (San Salvador) on Oct. 1, 1986."

Among other dignitaries present at the dinner were Salvadoran Supreme Court President Justice Francisco Guerrero, state ministers, members of the foreign diplomatic corps, officials of the ROC Embassy and Overseas Chinese leaders.

Rosa Chavez on Need To End Armed Conflict

PA2205223088 Panama City ACAN in Spanish 1817 GMT 22 May 88

[Excerpts] San Salvador, 22 May (ACAN-EFE)—Today Auxiliary Bishop Gregorio Rosa Chavez said conditions for a new round of talks between the guerrillas and the Salvadoran Government do not exist, because there is still a "turbulent" political atmosphere.

Nevertheless, Rosa Chavez noted it has become more and more necessary to end, through dialogue and negotiation, the armed conflict in this country that began 8 years ago and has resulted in more than 60,000 people being killed.

Shortly after the Sunday homily at the Metropolitan Cathedral, Rosa Chavez said: "We must promote a dialogue—but not a dialogue of deaf people as those carried out on other occasions—that will permit an end of the war."

Rosa Chavez noted that all national sectors should "make an effort" to create the conditions that will allow a new round of dialogue. [passage omitted]

Rosa Chavez, who replaced Archbishop Arturo Rivera y Damas at the Sunday mass, explained the need to be "creative" so the new rounds of dialogue will not be "talks between deaf people that will achieve nothing."

He stressed that the church initiative proposes to start a debate with all social forces to find a solution to the armed conflict.

After the national debate, it is expected that a unique document will be drafted expressing the Salvadoran peoples desire for peace, which could be discussed in a new round of talks between the government and the guerrillas, Rosa Chavez said.

Guatemala

TV Station To Appeal Suspension Order

PA2105123588 Guatemala City Cadena de Emisoras Unidas in Spanish 0100 GMT 21 May 88

[Excerpts] Channel 3 Television will file an appeal asking that the Communications Ministry overturn the sanction imposed on the station last night by the General Radiocommunications Directorate. This information was provided by Max Kestler Farnes, Channel 3's legal representative, who said the measure was applied to the station at random, because other stations are carrying similar material. He said, however, that the television station adheres faithfully to the country's laws. [passage omitted]

Kestler Farnes said: We know that the measure was taken because of the opinions, many of them contrary to social peace, that politicians have expressed through the station. Although he did not say so, he was referring to statements that extreme right-wing groups have made on the "Here's the World" newscast directed by Mario David Garcia, who has been implicated in a plot to overthrow the government. [passage omitted]

The Channel 3 representative said the station has always respected the law and the Constitution. It therefore accepts the sanction that has been imposed on it, but it will still ask that the measure be repealed, because the station was not responsible for the opinions that were broadcast. This was an indirect reference to the "Here's the World" newscast.

Groups Protest Closing

PA2205022988 Guatemala City Cadena de Emisoras Unidas in Spanish 1230 GMT 21 May 88

[Text] The Guatemalan Chamber of Commerce has said the closing of Channel 3 Television sets a fateful precedent. It voiced its concern over the closure of that television channel. The government measure may set a fateful precedent that could lead the government to its ultimate goal of controlling the news media, the Guatemalan Chamber of Commerce said. For that reason, it voiced its strong rejection of that measure. It felt that this measure is incompatible with a democratic regime. This group asked the government to immediately suspend its ban so Channel 3 Television can resume normal programming.

The Guatemalan Journalists Association, APG, also condemned the closure of this television station as violating the American Convention on Human Rights. In a communique issued last night, the APG said that although that convention bans the use of news media for propaganda in favor of war or other crimes and discourages the abuse of freedom of thought, closing a news media without due process also violates that same convention. There has not been due process because that broadcaster has not been summoned, heard, or processed before an appropriate judge or court.

The National Farming Union, UNAGRO, strongly protested the government's unconstitutional measure to suspend Channel 3 Television's frequencies. UNAGRO said this action is unconstitutional and assails freedom of thought, violates human rights, and is a gross undemocratic abuse. UNAGRO urged Channel 3 Television to file whatever legal appeal may be neccessary.

Station Comments

PA2105200788 Guatemala City Cadena de Emisoras Unidas in Spanish 0100 GMT 21 May 88

[Station commentary]

[Text] The closing of a news media on government orders is always deserving of censure because it affects a commercial enterprise and the employees and customers—that is, advertisers—of that medium. Moreover, it also affects the public since it is deprived of its right to receive messages and information. This practice is customary only in dictatorial regimes or in those regimes that have distorted the law.

The temporary suspension of Channel 3 Television's broadcasts was like a cold shower to all of us, because many feel that the government exceeded its authority and acted hastily in decreeing this measure. Granted, a Channel 3 Television newscast has persistently stirred up sentiments, launched campaigns that are criminal in nature, and has openly supported those who attempted to disrupt the constitutional order on 11 May. However, the measure is not only regarded as too harsh but dangerous as well, because it can set a precedent.

However, and this is the interesting point of this case, regardless of all comments and opinions, at noon, Channel 3 Television's officials accepted the administrative order to temporarily stop their broadcasts. Resigned more than compliant, those officials said that their television broadcasts had abused the right to freedom of expression. Moreover, Maximiliano Kestler Farnes clearly said: The concept of liberty has been distorted. He has a leading role in that news medium because he is its legal representative. He is a constitutional lawyer. Therefore, it is paradoxical that while the person affected accepts the government order, an attempt is being made to openly cry out that the law regarding the freedom of expression is being violated or that the Constitution was trampled upon. Everyone knows that if he breaks the law he is liable to suffer a sanction.

At any rate, we want to clearly state our stance. We totally and unrestrictedly adhere to the country's legal norms. However, we feel that this political measure was

taken hastily, although it has been presented as a means to preserve the democratic system that has caused the Guatemalan people so much blood, sorrow, and tears.

9 Rebels Killed in Quiche; Bombs in Capital

PA2205132088 Panama City ACAN in Spanish 1515 GMT 21 May 88

[Excerpts] Guatemala City, 21 May (ACAN-EFE)—A total of nine rebels were killed in clashes with security corps agents in the interior of the country, while low-powered bombs exploded in this capital without causing any casualties, Guatemalan Armed Forces sources reported today.

The armed clashes occurred in areas of Quiche in the northwestern region, according to a bulletin issued by the Army's Press and Information Department.

The first clash occurred in the village of Xelvitz, according to the military source, where Civil Self-Defense patrolmen killed three guerrillas belonging to a group attempting to take over the village.

The other six rebels were killed in a clash with an Army patrol in Ixcan.

In both cases, the survivors fled without inflicting casualties on the Army troops. [passage omitted]

Today the newspaper "EL GRAFICO" published a report from San Marcos in the southwestern region stating that "fear has increased in view of the wave of kidnappings staged by men wearing olive drab uniforms over the past 2 months."

The morning paper's report, which does not cite any responsible source, states that 14 people have been kidnapped and that in at least two cases the bodies of the victims found showed signs of being tortured before they were killed.

The national police confirmed the explosion of a bomb, after several reports had it that at least five explosions occurred in different parts of the city.

"In any event, they must have been low-powered bombs that only sought to frighten the citizens," said one of the police officers charged with the investigation.

The officially confirmed bomb exploded in a parking area of the "sports city" in the southeastern part of the capital while an "international Latin American popular music festival was being held." [passage omitted]

URNG Member Discusses Rebel Radio Station

FL2005205288 Havana Tele-Rebelde Network in Spanish 1155 GMT 20 May 88

[Interview with Ana Arevalo, member of the URNG, by Maritza Navarro, hostess of "Revista de la Manana" program, in Havana—live]

[Text] [Navarro] Ana, I would like perhaps to start with a bit of history. How did La Voz Popular de Guatemala come to be?

[Arevalo] It is the result of many efforts, but basically the efforts of the various revolutionary organizations making up the URNG at present. In other words, we had tried several times in the past. There were some cases of interference with Guatemala's local radio stations. With the training of the necessary personnel, we were able to have the first broadcast on 22 May 1988. The radio is the official mouthpiece of the URNG.

[Navarro] What are the radio's objectives?

[Arevalo] It is a rebel radio station. Basically, it tries to counteract the disinformation, the campaigns to twist around the nation's reality. It is basically directed toward the Guatemalan people, toward the interior of the country.

It is essential that we explain what is happening in the country because the media multinationals are very powerful and are always distorting reality.

[Navarro] I gather that the comrades who work in the radio station are pursued, inasmuch as it is a rebel radio.

[Arevalo] The station broadcasts from the Sierra Madre; in other words, from the mountains. The people working the radio are combatants. One of the station's mottos is: With rifle and microphone. In other words, in certain circumstances the radio transmitter has to move around. It has to be mobile, without fixed studios. The trees and the jungle are its roof.

As you said, it has been very much persecuted. It is now broadcasting once a week, on Fridays. For the past few months it has never failed that there were military mobilizations on Fridays. The Army is always trying to pin us down. There are always operations. There is frequent combat at noon on Fridays with the units in the guerrilla zone from where the radio is broadcasting. In addition, there is constant interference with the transmissions.

[Words indistinct] peasants' struggle has organized demonstrations or have a strong organization. Sometimes, to government employees. There have also been messages addressed to women, Christians; in short, the popular sectors of the Guatemalan people, including occasional calls to officers or government troops. It is a comprehensive means of communications to urge everybody to join the struggle, the revolutionary movement underway in Guatemala.

[Navarro] Our time is short, Ana, but in your opinion, has the radio fulfilled its mission in this year of existence?

[Arevalo] Definitively. First of all, we have been able to keep [words indistinct] one of the Indian languages of Guatemala. So, it also reaches those groups that only speak an Indian tongue.

[Navarro] Thank you, Ana, for being with us on "Revista de la Manana." Congratulations to you and the other comrades who work for La Voz Popular de Guatemala.

Honduras

Azcona Meets With Taiwanese Foreign Minister

PA2005202588 San Pedro Sula TIEMPO in Spanish 19 May 88 p 3

[Text] Tegucigalpa—Yesterday afternoon Taiwanese Foreign Minister Ting Mou-shih met with President Jose Azcona Hoyo to exchange views on the economic and technical cooperation that the Asian country could give to Honduras.

Ting arrived at the Presidential House accompanied by Huang Chuan-li, Taiwanese ambassador to Honduras, and other members of his delegation. The meeting with President Azcona was held after the visitors had met with other government officials and private sector representatives.

Foreign Minister Ting told the president that the Taiwan Government is interested in strengthening its economic and commercial relations with Honduras to attain the latter's development and to consolidate its [Honduran] democracy.

The high-ranking Taiwanese official reminded President Azcona that he is invited to visit that Asian country, but the date is yet to be established; and the president's visit to Spain, Italy, and the FRG is still pending.

During the meeting, the diplomat also told President Azcona that the Taiwan Government hopes that the Esquipulas II agreements prove successful in attaining peace in Central America and, consequently, its economic development.

Armed Forces: FMLN Group 'Infiltrated'

PA2205043388 Panama City ACAN in Spanish 2028 GMT 21 May 88

[Excerpts] Tegucigalpa, 21 May (ACAN-EFE)—Today the Honduran Armed Forces reported to the people that a Salvadoran guerrilla group has infiltrated Honduras from a neighboring country with the aim of sowing chaos and anarchy.

According to an official communique released at noon, the FMLN group is composed of men and women who plan to stage terrorist and destabilizing actions.

The Honduran military said the Salvadoran guerrillas' main goal is to kidnap military officers, public officials, and leading businessmen. The communique also said these acts "are in reprisal for the mysterious disappearance several weeks ago of Salvadoran student Roger Gonzalez."

This student disappeared several weeks ago in Tegucigalpa. He was apparently arrested by secret police agents who linked him with student mobs that burned the U.S. Consulate on 7 April. Colonel Manuel Enrique Suares Benavides, director of the Armed Forces Public Relations Office, told newsmen that the police were holding Roger Gonzalez, but several hours later the police department denied his statement. [passage omitted]

The Honduran military communique was issued a few minutes after the FMLN released a communique here denouncing actions staged by Salvadoran and Honduran troops against them. The Salvadoran guerrillas also said they have requested a dialogue with the Honduran Armed Forces High Command, as they did 2 years ago, to clear up positions and to avert the spread of the war in Central America. [passage omitted]

Nicaragua

Government Unilaterally Extends Cease-Fire

PA2305202288 Managua Radio Sandino in Spanish 1934 GMT 23 May 88

[Communique No 37 issued by the Nicaraguan Government; read by Information and Press Minister Manuel Espinoza—date not given]

[Text] 1. The Nicaraguan Government has decided to unilaterally extend the cease-fire deadline for another month, from 1 June through 1 July 1988. This is being done in the hopes that the negotiations for a definite cease-fire will continue as established in the Sapoa agreement.

The Nicaraguan Government hopes that the counterrevolutionary Directorate will contribute to this effort and act in accordance with the desire for peace of the Nicaraguan people.

2. The Nicaraguan Government accepts the proposal made by OAS Secretary General Joao Clemente Baena Soares that the Pan-American Development Foundation be the organization responsible for distributing the humanitarian aid among the counterrevolutionaries inside Nicaragua within the framework of the provisional proposal presented at the latest top-level meeting in Managua.

The Nicaraguan Government approves of the Pan-American Development Foundation employing well-known, even American, companies to carry out the distribution of the humanitarian aid within Nicaragua.

3. The Nicaraguan Government reiterates its invitation to the counterrevolutionary Directorate to meet in Managua on 25, 26, and 27 May to continue negotiations

for a definite cease-fire as established in the Sapoa agreement. The Sapoa agreement states that the top-level meetings must be held in Managua.

The Nicaraguan Government reiterates that it approves of the following activities by the counterrevolutionary Directorate during its stay in Managua:

a. Meeting with members of the National Coordinating Board and other similar groups at the Camino Real Hotel.

b. Visiting LA PRENSA.

c. Visiting the Nicaraguan Episcopal Conference.

d. Making all pertinent personal contacts.

Ortega Comments

PA2305221588 Managua Domestic Service in Spanish 1849 GMT 23 May 88

[News conference held by President Daniel Ortega with reporters at the Presidential Press and Information Directorate offices in Managua—live]

[Text] [Ortega] Good morning, Nicaraguan people and international journalists. In the last few days there has been an exchange of views with the contras to set the date and place for the meeting to discuss topics related to peace in Nicaragua. There has been agreement in principle on the date: from 25 to 27 May. The Nicaraguan Government's proposal to hold the meeting in Managua, as was agreed upon in the Sapoa meeting when the peace agreement was signed, has so far been rejected by the contra leadership, which now insists that the meeting be held in Sapoa.

Everyone knows that when we met in Sapoa, when the peace agreement was signed in Sapoa, we agreed that the top-level meetings would be held in Managua. It would be senseless to go to Sapoa now—since this represents efforts on the part of the Nicaraguan Government and the contra Directorate—if they do not really want to abide by the peace plan. We therefore maintain our proposal for the meeting to be held in Managua on 25, 26, and 27 May as established in the agreement.

As we have already told the members of the contra leadership, the Nicaraguan Government is willing to allow the RN [Nicaraguan Resistance] leaders to meet with opposition political parties and the members of the Nicaraguan Democratic Coordinating Board; to visit the LA PRENSA offices and the Episcopal Conference; and to hold the personal contacts they wish during their stay in Managua. The Nicaraguan Government is flexible enough to allow these people, in addition to participating in the negotiations for a permanent cease-fire, to have the opportunity to hold further political and personal contacts.

We hope the contra leadership does not reject the Nicaraguan Government's proposal, which is in keeping with the Sapoa agreements and which calls for the meeting to be held in Managua. We have already agreed on the dates. There is no reason to insist that the meeting be held in Sapoa now that we have made the necessary progress for a meeting in Managua.

Another source of debate is the charge that the Nicaraguan Government wants to starve the contras to death. We have unilaterally proposed to the contras, before the OAS secretary general and Cardinal Obando y Bravo, that the Red Cross immediately deliver the needed supplies, but the contras have rejected using the Red Cross. OAS Secretary General Joao Baena Soares has proposed that the Pan-American Development Foundation be the neutral body in charge of distributing the aid to the contras while agreements are being reached for the fulfillment of the Sapoa peace plan, which includes modus operandi, disarmament, a return to talks, and release of prisoners to achieve a permanent, complete peace. While agreements on these topics are under way, the OAS secretary general has proposed using the Pan-American Development Foundation, an OAS body, since the contras have rejected the Red Cross. We agree with this proposal by the OAS secretary general that the Pan-American Development Foundation be in charge of distributing humanitarian aid to the contras inside Nicaragua in the framework of the proposal made by the Nicaraguan Government in the last meeting here in Managua.

The Nicaraguan Government also agrees that the Pan-American Development Foundation can at the same time subcontract with well-known commercial companies, including U.S. companies, such as Pan American Airlines, for example. In other words, the foundation can use true companies, not dummy corporations such as the ones organized by the CIA, which have been used by the U.S. Government for drug trafficking and arms smuggling to help the contras. Using dummy corporations would be unacceptable. We are talking about serious, responsible, prestigious commercial companies.

We would agree with the Pan-American Development Foundation subcontracting with those businesses or airlines, including well-known U.S. companies, that would be in charge of distributing the humanitarian aid inside Nicaragua.

Finally, Nicaragua—the Nicaraguan Government—has been accused of trying to take advantage of the Sapoa agreements and of the cease-fire to concentrate its forces and launch an operation to wipe out the counterrevolution. We have clearly said that we reserve the right to launch all our military forces against all those counterrevolutionary forces that do not accept the cease-fire and attack the Nicaraguan population.

As proof of the Nicaraguan Government's willingness to achieve peace, as proof of the Nicaraguan people's desire for peace, the Nicaraguan Government has unilaterally decided to extend the cease-fire for 1 more month, from 1 June to 1

July 1988. We do this to make it possible for the negotiations to continue until a permanent cease-fire is signed as established in the Sapoa agreement. We are also acting in line with our people's feelings, with the feelings of our workers in the countryside and of our peasants, who have been able to enjoy a relative peace during the cease-fire period. Our peasants have been able to work the land and, of course, want the cease-fire to continue.

With this action, we want to clearly show the Nicaraguan Government's willingness to give peace a chance. In any event, the Nicaraguan Government or the EPS will not be the ones to start firing and resume military actions. On the contrary, the U.S. Government and the contras will be responsible for a resumption of military actions, for bringing more bloodshed to our countryside, and for the resumption of attacks against our peasant population, as the contras usually do when they decide to launch this type of terrorist actions.

It is important that this be very clear: Nicaragua is not interested in a warlike escalation; Nicaragua is not interested in the annihilation of the mercenary forces. Instead, it is giving them an opportunity to join Nicaraguan society. In line with this spirit, we have unilaterally decided to expand, to extend for 1 more month, from 1 June to 1 July 1988, a halt in offensive mililtary operations.

This also reflects the feelings of Nicaraguan mothers. We will be celebrating Mother's Day on 30 May. The best gift we can give Nicaraguan mothers is extending the cease-fire to prevent the shedding of more Nicaraguan blood and to provide time and opportunities to reach a conclusive peace agreement.

I believe no Nicaraguan and no political or religious leader will oppose or condemn this initiative by the Nicaraguan Government. I also believe no one outside our country who is really interested in peace will criticize the Nicaraguan Government's stand. It will undoubtedly be viewed as a positive, constructive action.

We also hope the contra leadership will respect and accept the Nicaraguan Government's decision to extend the cease-fire for 1 more month.

Only then will we be proving and demonstrating to our people—the peasants, who have suffered the consequences of the war, and the Nicaraguan mothers and families—who favors war and who favors peace. I do not think the Nicaraguan Government can give stronger proof of its position than the extension of the cessation of offensive operations for another month. We wanted to refer to that now, because we are approaching a crucial moment on 30 May, when the temporary cessation of offensive operations expires.

There is a question there.

[Reporter] [Words indistinct] willing to go to Sapoa or are you definitely not going to Sapoa?

[Ortega] We hope the contra Directorate will act intelligently, and not intransigently and stubbornly, and will come to Managua. They already came to Managua twice, so there is no reason to go back to Sapoa, where even the physical conditions of the venue are no better than Managua.

[Reporter] I am [name indistinct] from Radio Canada [words indistinct]. Mr President, the contra leaders have said there is not an adequate atmosphere for negotiations in Managua, because according to them, there has been a reinstallation of censorship and [words indistinct]. Based on that, I would like to know how you justify the closing of the news broadcast by Radio Catolica and whether these measures, which look like punishment applied to certain radio stations and which have been implemented repeatedly, agree with the government's willingness to fulfill the Sapoa agreements.

[Ortega] That issue is not under discussion with the contra movement, because it deals with the internal constitutional laws of the country. According to Esquipulas, the Central American presidents committed ourselves to defend our constitutions, and each area government acts accordingly. Every government in the world, including those in Latin America and the U.S. Government, acts according to its constitution and believes its own constitution should be respected. Those who promote subversion, terrorism, or justify those crimes are logically violating the law and are punished for it in any country in the world. We are simply defending the Nicaraguan Constitution, and there are no restrictions imposed on the freedom of the press.

[Reporter] President Ortega, the Nicaraguan Government has always been optimistic about the possibility of attaining peace. Despite that, however, I would like you to comment, as objectively as you can, on the possibilities of achieving peace, because the contras are very divided internally; perhaps the few small opportunities for political independence from the United States that the contras could have attained in Sapoa are lost now. My question is: What are the real possibilities of attaining peace in view of this problem within the contra movement? What are the real expectations we could have? Is the contra movement in any condition to negotiate or to make a step forward independently from Washington's desires?

[Ortega] I believe the situation of the contra movement is a very difficult one, because when the Sapoa agreement was signed, despite the internal division that already existed within the contra movement, the movement still had cohesion at that time, and the signing of that agreement was clearly a decision made independently from the U.S. Administration.

We recently agreed on a new date for negotiations. Now, however, we are going to meet with a clearly internally divided contra Directorate; the most serious problem is

not the contra Directorate's division, because it is not the real force of the movement. The main problem is that the contra military force is seriously divided.

Through the CIA, the U.S. Government is acting behind the contra military forces to boycott the peace efforts and try to [words indistinct] the contras, who are members of the military force, to reject the peace process and therefore strengthen the armed struggle.

I would therefore say that the prospects of the process of negotiation are more complex today, but we cannot abandon it despite its complexity.

[Reporter] President Ortega, today the Mexican newspaper EL DIA published reports concerning a large U.S. Government plan to destabilize the Nicaraguan Government by using the local opposition. What can you tell us about that?

[Ortega] That is nothing new. The United States has led that type of behavior toward Nicaragua and other Latin American countries. In this case, the plan envisions the CIA's influencing Nicaraguan opposition political parties, the church, and the media. Under those circumstances, we encourage the local opposition media, the opposition political parties, and the Episcopal Conference to not let themselves be trapped by the CIA policy. We encourage them to not fall into the trap of becoming vehicles of confrontation and division in Nicaragua, because that only leads to more bloodshed, confrontations, and further attacks on the country's sovereignty.

It is very clear that the CIA plans do not aim at benefiting the Nicaraguan people, but at using political parties, radio stations, newspapers, and the church to destabilize the Nicaraguan process and to continue the war until they destroy the revolution.

[Reporter] [Words indistinct] that Mr Tinoco was going to meet with Mr Roberto Ferrey in San Jose, Costa Rica. The meeting was not held. Is there something else?

[Ortega] We were interested in holding that meeting; we had agreed that the meeting was going to be held. However, at the last minute the contras said they would not attend. We even have their written statement saying they would not attend. This clearly shows that the contras have hardened their stand. This might even lead one to think that when the contras propose a meeting be held in Sapoa, they are actually not interested in attending any type of meeting. This will be put to the test with the answer they will give to our proposal for holding a meeting in Managua on an agreed upon date.

[Reporter] [Words indistinct], Mr President. Perhaps it would be best for both parties to wait for the contras to resolve their internal conflict in order to be able to work better. Perhaps the circumstances now do not favor any progress in negotiations.

[Ortega] It would be ideal if the contras were united so we could discuss the topics and advance in the search for a solution. However, that is not the case with the contras now; they are not united. We have to see how the divided contras can unify around the peace plan and not around a war plan. Therefore, we believe that if we manage to hold the meeting, the trend would be in favor of the negotiating process. If we do not hold the meeting, this would be clearly specifying that there is a warmongering trend. In other words, there is a trend that is against the negotiations.

[Reporter] [Words indistinct] if that meeting is held, the counterrevolutionaries are talking about 20 representatives, including Colonel Enrique Bermudez, arriving tomorrow in Costa Rica. What is Nicaragua expecting from that meeting if Enrique Bermudez is there? Does Nicaragua feel that Bermudez could be a valid negotiator, taking into consideration the internal situation of the counterrevolutionary's military?

[Ortega] We are not aware of who will make up the contras' delegation. We cannot speculate if this former Somozist guard will arrive or not. However, we are willing to hold this meeting in Managua, as we have proposed.

[Reporter] [Words indistinct] from the United States. I would like to know what would happen if the contras launch a very strong attack against you? Will you continue with the war, if this were to happen on 12 June?

[Ortega] What we expect is the contras to not launch any attack, because what is being put to the test here before the Nicaraguan people and particularly the relatives of the dead and those who may die—of the people in the countryside, the peasants who suffer the war daily—is the Nicaraguan Government's willingness for peace and a test to see if the contras have any desire for peace. We will have to wait to see if, in the face of this proposal by the Nicaraguan Government and this decision of the Nicaraguan Government, the contras do not make a blunder and launch an attack against the peasants and the people and, on the contrary, they accept extending a cease-fire of offensive operations.

[Preston] I am Julia Preston of THE WASHINGTON POST. Mr President, it seems a point that caused a certain delay in the negotiations process was the Nicaraguan Government's insistence that the contras commit themselves to laying down weapons before specifying the final touches on the modus operandi and any other negotiations on political topics that might be held. I would like to know if that proposal is still standing or if there is any possibility of any changes in that proposal. I also would like to know if, after you have answered the question, we could avail ourselves of the presence of General [Humberto] Ortega to ask him: Since the cease-fire has been in effect for 2 months now, could you give us a military evaluation of the two forces' status? What impact has the cease-fire had on the two forces, and what do you think the government has gained in this period of time?

[Ortega] I want to clarify that when the Sapoa agreement was signed, the contras made promises not only concerning the zones and the modus operandi but also pledged to put down their weapons and join the country's civilian life. It is therefore important for journalists, who broadcast opinions, to read the Sapoa agreement very carefully. The Sapoa agreement clearly specifies the contras' promise about this.

Likewise, the implementation of the agreement—which has a beginning and an end—makes it necessary to prepare a timetable. It was presumed that the issues involving the modus operandi and the zones would be settled in Sapoa within a couple of days and that the issues involving a permanent cease-fire would be settled here in Managua within a couple of days. That was not possible, however.

Consequently, the whole package of unresolved problems was turned over to the top-level meeting. Two top-level meetings have been held in Managua to prepare a timetable for the peace process that includes the definition of zones, the modus operandi, the creation of a national dialogue directorate, the release of prisoners, and the turnover of the contras' weapons so they can join our civilian life with the necessary guarantees of security.

This is a process that demands a timetable. The unresolved issue—that is, the date and duration of each stage in the process—should be settled. The Sapoa agreement clearly aims to reach a permanent cease-fire. In other words, we ask nothing new of the contras; we simply ask that they fulfill what they promised in Sapoa.

[Question indistinct]

[Ortega] The Pan-American Development Foundation agreement [words indistinct]. You have not asked about the food shipments.

[Reporter] It seems that the food shipments could not be made because a modus operandi was approved or because the contras have not said if they will definitely lay down their weapons.

[Ortega] First of all, the issues of the zones, modus operandi, and everything else are not linked to the Nicaraguan Government's unilateral decision to allow the food shipments, even though [words indistinct] the agreement. We said: Let them do it through the Red Cross. Even though we were still discussing the issue here, AID had been sending aid to the contras through Honduras.

The contras and the U.S. Government therefore cannot claim that the agreement... [corrects himself] the failure to reach an agreement has precluded the shipment of the so-called humanitarian aid to the contras. AID sent the aid despite the negotiating process, and it violated the Sapoa agreements by sending the aid through Honduras. We made a unilateral proposal for an immediate and provisional solution that does not preclude an agreement. We made this proposal simply because it was necessary. We told the contras: The Red Cross can immediately send the aid if you need it, but they have not agreed to using the Red Cross. We have now decided to allow the Pan-American Development Foundation, an OAS body, to deliver the aid even if we have not signed an agreement on the modus operandi or the zones.

Furthermore, if we coordinate... [changes thought] If they agree to this today, we are prepared to implement the agreement today so they can immediately receive the humanitarian aid. Consequently, there is no need to reach an agreement on the modus operandi and the zones so humanitarian aid can be sent to the contras. The most important thing is that AID is violating the agreements because it is already sending aid to the contras.

[Reporter] President, why does the Nicaraguan Government insist so much that the next meeting be held in Managua, not in Sapoa?

[Ortega] Because the government is here. Remember that a political struggle was waged before the meetings were held in Managua. We did not want to hold the meetings in Managua; we did not even want to hold the meetings in Nicaragua. We wanted to hold the meetings outside Nicaragua, but the contras insisted on holding them in Nicaragua, so we agreed. We first agreed to hold the meetings in Sapoa because we wanted to give the negotiations a chance. Then they said the meetings should be held in Managua, and it was approved in the Sapoa agreement. That was the game they played in Sapoa. They said: The next meeting will be held in Managua. Are we now supposed to disregard what we signed in Sapoa? We must defend what we signed in Sapoa, so we cannot say the meetings will no longer be held in Managua. The Nicaraguan Government is here. The Nicaraguan Government's headquarters are here, so there is no reason to hold the meetings elsewhere. We have already begun the meetings in Managua, so there is no reason to transfer them to Sapoa, or the Dominican Republic, or Guatemala, or Costa Rica, where we used to go.

[Reporter] The counterrevolutionaries have continued to kidnap peasants in the (?Mostreo) area in Matagalpa. What measures will the government take to make the contras comply with (?their part of the agreement)? One other question: What is the importance of the CIA destabilization plan against Nicaragua? Are the church or any political parties, as well as LA PRENSA, involved in this plan?

[Ortega] It would not be strange at all for the U.S. Embassy and CIA to work (?with) LA PRENSA, the political parties, and the church to promote pronouncements, pastoral letters, and party statements that highlight everything negative in the revolution and the government. There is no balance. In any other country, the opposition always recognizes something positive in the government. But the Nicaraguan opposition refuses to admit there is anything positive in the government.

Nothing at all. So the CIA wants the opposition groups to express this kind of opposition. This opposition is even formed by church leaders, not only by the political parties or LA PRENSA. We expect these people to act wisely and in accordance with the country's situation. They do not fall into this trap.

As for the kidnapped, I must say that the contras had promised to release them prior to this meeting, but they failed to. The contras made this commitment in front of witnesses: Baena Soares and Cardinal Obando y Bravo. But they failed to keep this promise. If there is concern over those who are in prison, I think there should also be concern over those who are kidnapped, whose relatives are in anguish. The relatives of those who are in prison at least know where they are and are not afraid about their safety. It is impossible to know how the kidnapped are being treated, however. So we demand, and will continue to demand, that the contras keep their promise to release the kidnapped. They should also stop kidnapping Nicaraguans, as they have been doing during this cease-fire period. Thank you.

RN Appoints Delegation for Sapoa Talks

PA2405044288 Managua Radio Corporacion in Spanish 0421 GMT 24 May 88

[Communique issued by the Nicaraguan Resistance (RN) Directorate on 23 May—place not given]

[Text] Just as in all the previous meetings, the RN Directorate will head the delegation that will attend the next round of talks with the Nicaraguan Government. Within the rotational system adopted by this leadership, Alfredo Cesar Aguirre will be the chief negotiator in this round of talks. The delegation of the RN army includes Enrique Bermudez, commander of the northern front.

Since there are no conditions for freedom of assembly and movement for the RN delegation in Managua, we insist on Sapoa as the site of the next meeting. Sapoa was proposed, in addition to San Juan del Sur and Managua, by Humberto Ortega Saavedra.

Obando y Bravo on Mediating Peace Talks

PA2305200388 Managua Sistema Sandinista Television Network in Spanish 0200 GMT 23 May 88

[Excerpts] Regarding the difficulties the government and the Nicaraguan Resistance [RN] are having in agreeing on a date for their next meeting, this morning Cardinal Obando y Bravo said that the government and the RN need a mediator. Just 2 days before the fourth round of high-level talks between the government and the RN are scheduled to begin, the two parties have yet to agree on the meeting site. The RN says the meeting has to be in Sapoa and that the Sandinist government continues to violate human rights. The Sandinist government says the meeting must be held in Managua.

Cardinal Obando y Bravo, who is following the talks between the government and the RN, gave us these exclusive statements.

[Begin recording] [Obando y Bravo] I received a letter from Vice Foreign Minister Victor Hugo Tinoco in which he told me that the meeting would probably be held on 18 or 25 May in Managua. Two days ago I received a telegram from the RN saying that the meeting would be held in Sapoa at 1100 on 25-27 May. Today, before coming to the Holy Spirit Church, I received another message, saying that the meeting has to take place in Sapoa at 1045 on 25 May. It said the meeting could not take place in Managua because freedom of expression had been violated.

Therefore, I don't know whether the meeting will take place on 25 May in Managua or Sapoa. The RN continues to say that the meeting will be held in Sapoa, but I don't know what the Nicaraguan Government thinks. The Nicaraguan Government decided a few days later that it should be held in Managua. It seems that they cannot reach an agreement on this.

[Reporter] Do you know who the RN's delegates will be at this fourth meeting?

[Obando y Bravo] I don't know who the delegates will be because the telegram only named the place as Sapoa and the time and date for the meeting. However, I don't know whether the meeting will be held. We will have to see what the Nicaraguan Government thinks. The RN insists on Sapoa and the government insists on Managua.

[Reporter] Have you not been in contact with the government in the last few hours?

[Obando y Bravo] Not in the last few hours. The last contact I had was at 1800 this evening, as I was coming here, from the RN saying it would be in Sapoa at 1045 on 25 May.

[Reporter] Are you going to participate on Wednesday?

[Obando y Bravo] I am waiting for the government's confirmation. If the government tells me that the meeting will be on Wednesday, I will try to be of service, but I have to be told if they agree where the meeting will be held.

[Reporter] What is your opinion about this problem of a difficult peace for Nicaragua?

[Obando y Bravo] Yes, after violence is unleashed, it is difficult to find peace. [passage omitted]

There was a suggestion that that I be present only as a witness. However, the Nicaraguan Government and the RN need a person to act as mediator. There have been suggestions that we should mediate, but we are not indispensable. However, they should find a person to mediate to prevent misunderstandings. [passage indistinct]

Government Suspends Radio Catolica Newscasts

PA2105015888 Panama City ACAN in Spanish 2355 GMT 20 May 88

[Text] Managua, 20 May (ACAN-EFE)—The Nicaraguan Government has suspended the independent newscast "Church," which is carried daily by Radio Catolica, for 4 days.

Sources from the Nicaraguan Catholic Church's station reported that the Communications Media General Directorate of the Interior Ministry invoked the provisions of Decree No 708 on the obligation to verify reports.

The decision of the Media Directorate points out that in today's broadcast the "Church" newscast carried reports on contra commander "Tigrillo" that "had to be cleared with the Defense Ministry or the Interior Ministry."

The contra commander talked about confrontations between Sandinist troops and rebel forces as well as about the "seizure" of towns by the insurgents.

Sources from the newscast said they had "rebroadcast reports by a shortwave station monitored in Managua containing Tigrillo's statements."

The Media Directorate, under the direction of Lieutenant Lissette Torres, also enforced Article 44 of the provisional general law on the media, which has been in force since 1979.

A Radio Catolica source said "they are using an old decree, and this means there is no freedom of the press in Nicaragua."

The official resolution was issued today shortly after 14 opposition parties and directors of private media appointed a committee to defend freedom of expression.

The dissident political organizations summoned newsmen to discuss the latest government orders to restrict freedom of the press in Nicaragua.

Radio Director Comments

PA2105212888 Paris AFP in Spanish 1546 GMT 21 May 88

[Excerpts] Managua, 21 May (AFP)—Bismarck Carballo, director of Nicaragua's Radio Catolica, has expressed disagreement with the Interior Ministry's decision to ban the radio's newscasts for 4 days "for not verifying military information before broadcasting it."

The measure was taken yesterday after the station broadcast statements by rebel military chief Encarnacion Valdivia (Commander Tigrillo) referring to clashes between rebels and Sandinist troops. The Media Directorate, an arm of the Interior Ministry, concluded that the report violated the law because it was not confirmed with government sources.

Carballo maintains that there was no violation in this case because the station only aired the position of those negotiating a permanent cease-fire agreement with the Nicaraguan Government. [passage omitted]

Carballo said he will not appeal the ruling to the Media Directorate because the fate of such appeals "hinges on political factors, not the law." [passage omitted]

Wheelock Assesses 1987 Agricultural Production

PA2205020388 Managua Domestic Service in Spanish 1200 GMT 21 May 88

[Excerpts] Jaime Wheelock Roman, minister of agricultural-livestock development and agrarian reform, has made an assessment of the 1987 production cycle:

[Begin Wheelock recording] In past years, we had better production and enjoyed growth in the agriculture-livestock sector. Certain factors make 1986 and 1987 different: first, the drought and the irregular rainy season; and second, energy and fuel problems that affected the harvesting season, particularly that of agricultural and livestock export products. [passage omitted]

We would have liked our important efforts to have yielded good results last year. The reality, however, is that we are facing serious problems. [end recording]

Commander Jaime Wheelock pointed out that the harvest of export sugarcane was the most affected. This crop was assigned a smaller cultivation area. This reduction was caused by four factors: First, the state replaced sugarcane fields with other crops for domestic consumption by workers, such as sorghum, soybeans, and corn; second, some settlers withdrew from sugarcane production because of the pricing policy, creating a deficit of 10,000 manzanas; third, there was a drop in field and industry yields; and fourth, besides obsolete machinery, there are problems in purchasing equipment and spare parts because of the blockade and economic crisis.

Of an expected 190 lbs of sugar per ton of sugarcane, only 167 lbs were obtained. In the San Antonio Sugar Mill, only 142 lbs per ton were obtained as opposed to the expected 180 or 190 lbs. This created a deficit of 600,000 quintals; that is, 3 months of national consumption. The sugarcane harvest had been estimated at 4.6 million quintals, but only 3.2 million were obtained. This will force the country to reduce export commitments to maintain domestic consumption intact.

As for the cotton harvest, there was a 60-day delay because of the drought and energy problems. This exposed the cotton to the effects of the wind, causing a drop in the harvest.

Panama

Solis on Economy, Complaints of Businessmen

PA2005211388 Panama City Telemetro Television in Spanish 2300 GMT 19 May 88

[Interview with Manuel Solis Palma, minister in charge of the Presidency, by unidentified reporter on 19 May; place not given—recorded]

[Text] [Solis] We are reviewing government revenues and expenditures to make plans for the remainder of the year. The government is working in all ministries and centralized institutions to make the national economy and the efforts of the government dynamic.

[Reporter] What is the government doing in this regard?

[Solis] We are analyzing the behavior of revenues during March, April, and May to make year end plans in keeping with a recovery that is being observed following a drop in fiscal revenues, especially in March. Based on all this information, we are making plans and analyzing the most essential expenditures that the government will have to make.

[Reporter] Mr President, because of the crisis, unemployment continues to increase. What measures will the government implement in this regard?

[Solis] The first point we will discuss are ways to reactivate the country's economy to create employment. For the time being, we cannot say exactly when we will begin to reverse this, because there has been a decrease in all activities in the country. However, we are already noticing a recovery.

[Reporter] In this regard, the private sector is complaining that the government is persecuting them and closing their businesses. They claim that as long as this persists, the economic reactivation required by the country will not take place.

[Solis] I am glad you are asking this question, because I have heard this on many occasions. However, I want to make this clear: There is not a single business closed for political reasons. The only ones confronting problems are those who want to be businessmen or industrialists but are more involved in politics. As a result, they must suffer the consequences of their political activities. Their being businessmen does not spare them from the sanctions specified by law, because they are involved in conspiracies.

Those who wish to be politicians should be in politics; those who wish to be businessmen should be in business. They cannot confuse the two things. They cannot aspire to hold a letter of marque [patente de corso] because they are industrialists or businessmen.

The argument that as long as there is no political tranquillity there will be no industrial development is a pretext of political industrialists and businessmen to cover up all the actions they want to carry out with impunity.

Enough of this. If any of them really wishes to be businessmen, they should do so. If they wish to be politicians, they should do so. I want them to name one person not involved in seditious actions who has been persecuted in this country.

On Response to Problems

PA2005234288 Panama City Domestic Service in Spanish 1746 GMT 20 May 88

[Speech by Manuel Solis Palma, minister in charge of the Presidency, at Las Tablas, Los Santos Province—live]

[Text] The problem with the road leading to Los Santos was caused because a powerful person once offered to construct a four-lane road. I plan to ask my ministers about this problem and to use it as a lesson for myself that we cannot make promises we are not willing or able to keep. We cannot make promises if we are not willing to struggle for what we promised. I want us to be as honest, sincere, and serious as possible when we speak. I do not want us to speak only to get out of trouble.

Ministers; honorable legislators; Supreme Electoral Tribunal President Yolanda Pulice de Rodriguez; directors of decentralized institutions; Honorable Los Santos Governor Emerito Rafael Rodriguez; Major Daniel Poveda, chief of the 7th Military Zone; members of the national executive committees of the Democratic Revolutionary Party, Labor Party, Liberal Party, and Panamenist Revolutionary Party; honorable mayors; honorable corregimiento representatives; honorable members of the technical board; honorable members of community boards; special guests; ladies and gentlemen:

First, I want to sincerely greet the people from Los Santos Province, my home, and from the Azuero region. I want to thank them for the faith they have in the work I can carry out as president.

When I accepted the responsibility of leading the nation's destiny early on the morning on 26 February, I was very aware of the difficulties we would face. I was fully aware of the problems we would have to face. Many thought it was crazy to accept such a responsibility at that time, because it meant confronting the world's most powerful country. How could a small country survive for a week before the cruel, criminal attacks carried out by the United States. It attacked us as if we were a world power. I, however, had several reasons to accept the responsibility.

First of all, if I had not accepted the responsibility, we would consequently have been among those who surrendered to the world power and were willing to give up their status as citizens of a sovereign, free, and independent nation. I was not willing to become one of them. I have duties toward my

region, my family, and a whole generation. I cannot take one step back. Under those conditions I had to assume the challenge and continue forward.

At the same time, I had great confidence in the Panamanian people's ability, courage, and nationalism. This has been proven. The Panamanian people have been admired by the world, including the United States, because we have survived 3 months of crisis after the United States cut off all our sources of survival. Not even the United States can understand how we have survived. The United States took these actions because throughout history we made the great mistake of depending exclusively or practically on only one country, the United States.

Legislator Solis said here that we have attached much more importance to the development of ports because that was beneficial to the conditions and interests of those who lived and continue to live in the cities at either end of the canal. The country's interior, which is the very essence of Panama's nationality, was forgotten. Our development was based fundamentally on those two cities, Panama City and Colon, and not on the rest of the country.

But the courage of the man of the interior, his ability, his intelligence, and his love for the fatherland have made him place himself above all that to continue, despite adversity, total development. We are in one of the regions of the country where Panamanian nationalism is most deep-rooted. We are in one of the regions that has shown the greatest ability to overcome adversity. The man here plants, loses his crops, and plants again the next day. The man here has never given up. And this is the character of the Azuero man. And that is the character that continues to keep alive the torch of Panamanian nationalism. This is also evident in other places, in Chiriqui, in Veraguas, and elsewhere.

But let us look at the problems in this region, which despite all adversity, with everything against it, with nature against it, is the fourth most productive area in the country. Here a man has to look for land, for other sources of employment, because he is a man who does not want to remain idle, who is not going to die sitting down. That is the character, I repeat, to which I owe myself, and which I cannot betray. That is why I am in this position, ready to face the adversity that must be faced. And we have been able to overcome problems, thanks to you, thanks to the great Panamanian people, thanks to that steadfast will of being a free, independent, and sovereign nation. [applause]

What will be discussed at this meeting? The government minister explained the reason for this domestic patrol, as we have called it, paraphrasing the term used by General Omar Torrijos Herrera. We want to have more contact with you, to listen to your problems, to list them, and try to resolve them to the greatest extent possible. But at the same time we seek to obtain your cooperation to do so. Someone asked: Tell me, what can I do for you? To continue to support us, to continue with faith in the work we must accomplish, and be like soldiers ready whenever we need you, because we have enlisted you to close ranks with us in the common work we must carry out. I have said the question that I know is within each of you. And we can see here the interest and clarity that you have demonstrated. You asked very clear, specific, frank, and open questions. And we must answer them the same way. And the state ministers have been doing so, and I hope they will continue to do so. We are going to give all the responses possible.

If we join our efforts, if we list our resources, and if we work together for Panama, there is much that we can do for the future of this nation that is small, but big in heart. Planning Minister Gustavo Gonzalez informed you of the situation caused by the crisis. He said that had there not been a crisis we would have experienced a 4-percent growth in our GDP. But what I ask is what are we going to have with the crisis? We must seek that 4-percent growth despite the crisis. And for that we must have imagination, decision, courage, and faith in our country's future. The crisis does not matter when there is a people, such as ours, ready to overcome it and continue onward, as we have demonstrated. [applause]

We spoke of a 2.5-percent drop in the GDP. That is 2.5 percent if we do nothing. But we must demonstrate that there will not be a reduction, that there has to be an increase. We have to work with this in mind, to improve Panama's agriculture, to seek answers. And if an enterprise cannot do it, we will have to find ways for it to do so. Otherwise we will take control of it. [applause]

Fiscal impact and its consequences: According to the 1987 budget, the country's actual revenues were $2,181,200,000. It has been estimated that, as the result of the circumstances discussed, revenues in 1988 will only be $1,613,300,000. It is even possible that our revenue will only be $1,430,500,000. We have discussed this in depth. Yet this figure, not shared by many pessimists, reflects what happened in March and April. The central government's revenues dropped to their lowest level in March.

In March we were expecting 114 million in tax revenues but received only 30 million. In April we were expecting 60 million and received 40 million. The situation had changed. Let us wait and see what happens in May. We are on the road to recovery in spite of the economic pressure we are facing.

In 1987, the central government's revenues totalled 1,073,900,000, almost 1,074,000,000 [figures as heard]. It is expected, based on estimates that I call pessimistic, [that this year the central government's revenues] will range from a maximum of 690 million to a minimum of 507 million. If this happens, we will be on the verge of collapse. I do not believe this will happen, and I do not feel overwhelmed by these estimates.

In 1987, the public sector's operations-related expenditures totalled $1.65 billion. If we were to continue these expenditures we would be unable to meet our normal expenditures, because even if we were to receive $1.613 billion, which is what the optimistic estimate calls for, we would still have a $37 million deficit. If we were to receive only what the pessimistic estimate says, we would have total paralysis.

In 1987, central government expenditures amounted to 602 million. If we receive only 507 million this year, we would not have enough funds to cover expenditures. If we receive 690 million we would only have 68 million left for investments and other government operations. This would not be enough. It is a ridiculously low amount to work with.

This situation leads us to face two facts: We have to increase, with work, our income. We must make every effort so this income increases. If work has to be done in the Finance Ministry to have a more efficient collection of taxes, this has to be done. We also have to honestly and efficiently manage revenue and public expenditures. We cannot afford to fool around with revenue. We should have never done that, but much less now, at this moment of struggle for national sovereignty. We cannot have public employees visiting places and failing to collect tax revenue because at those places some people give them a few cents. This must be strongly punished because it harms the nation's survival.

We cannot allow situations by which foreign enterprises wanting to settle in our country cannot do so because the kickbacks that are demanded by some people scare them away. Such situations must be viewed as attacks on the honor of the nation and must be denounced and punished.

We must analyze the government to halt this fooling around and this lack of honesty in the handling of public funds. [applause]

Someone asked if we would take action against sinecures. Sinecures must be eliminated, [applause] because we do not... [changes thought] We would have no moral authority to ask for sacrifices from the people if we keep the sinecures. It is not possible to tell a person who receives his check stoically and with a great sense of patriotism that he has to find his own way of cashing it, when another person next to him has a check that he only had to pick up, without having done anything to earn it. That is immoral and cannot be continued. [applause]

However, here comes the serious part: how to eliminate it and whom to eliminate, when we are all covering up for the others. The immediate superior covers up for his subordinate, and the others carry on down the line. Identifying a sinecure is almost like finding a needle in a haystack. Everyone knows about it, but we do not know. I have said that in these cases, the case of the sinecure is like that of the cuckold, who is always the last to know. We are the last to know which positions are mere sinecures.

We never know where they are, because everyone covers up. Everyone knows about it, but the high-ranking officials do not know. This is where the great responsibility lies. In the political-administrative machinery, the responsible person is the corregidor. He is the immediate head of government. Another responsible person is the mayor. Each of you mayors are responsible for reporting the sinecures you are aware of, because you live in the community. [applause]

The governor is responsible. The zone chief is responsible, because he also knows how to make a report. The corresponding minister and deputy minister are also responsible, and I am also responsible, because it is my duty to oversee them and demand that they constantly review their payrolls. Some ministries stop working because they have no resources, but they maintain the same payrolls. Almost all of them are doing this. We can begin with the Ministry of the Presidency and continue with the other ministries. We all have a little bit of this. The president is also involved, because he is part of the Ministry of the Presidency.

We have to become fully committed to resolving this problem. We cannot have officials in a community being accused of selling government supplies or raw materials. We cannot continue to appoint teachers who do not go to the community, like Vergara [not further identified]. Vergara is responsible. So are the supervisors, the school principals, and all those involved in the system, because we have over 1,000 surplus teachers, if the registration figures are true. This is because some schools reportedly have cardboard children. They are like those traffic signs that have a man on a motorcycle painted on them. In the same way, the children sitting on the benches are of cardboard, so the teachers can claim to have students and can be retained. This cannot be continued, especially not in these times. We have always been fighting this, but the time has come when it cannot be allowed, because we are undermining the very foundations of our development and progress.

If we truly want to reactivate the national economy and to let the country make progress, we must begin to set an example of honesty, seriousness, and good management. It is not possible for IMA [Agricultural and Livestock Marketing Institute], which was managing the salt industry in Los Santos district, to report making $400,000 or $500,000 a year from that activity, while a cooperative, without experience, with just determination and general knowledge, has reported making over $1 million. It is making a profit from the same effort the IMA was making.

I advocate retaining and developing state enterprises, but it has to be done efficiently, honestly, and competently, because cases like that of IMA and who knows

how many others show inefficiency, and that inefficiency cannot be allowed. If it reported making only $400,000, this means that a lot has not been reported.

Where did the rest go? Often it does not even benefit the employee, because he receives crumbs. It is for the benefit of those who have resources and purchase the Panamanians' conscience and poverty. This has to be prevented, gentlemen. [applause]

What must we do? We must work every day, and for many hours. We must study all problems honestly, with determination, and commit all our ability to the resolution of them.

I congratulate the minister of agriculture and livestock development for the work he is doing. He has come to grips with the problem. He is looking for solutions. All the other ministers can do likewise. All have begun to work. It is just more noticeable in agriculture and livestock development because the problems that arose are being resolved, the challenges encountered are being met. We feel that the minister will continue to meet those challenges.

The countries approached by us have said: Just ask, and also ask other people, because we are sure that they are going to give to you. Now those countries are helping us. Why? Because we were able to resist, because we showed that we have dignity, and because we have shown the world that we love our country and that we do not bow our heads in the presence of the mighty. This feeling of respect is what friendly nations feel for us. That is why they are helping us.

During the initial phase of the crisis, we were isolated because the world was deliberately misinformed about the reality of our situation. To keep people from coming to Panama, it was reported that there were 500, 600, up to 1,000 deaths a day in the streets of Panama. Yet not one person has been killed. In other countries of the world there are many more dead, some as a result of drug-related or other kinds of problems. In Panama, there has not been a single death. The professionalism of the Panama Defense Forces and the resolve of a large segment of the Panamanian people have enabled a sense of dignity to emerge in the face of treason. Nonetheless, at first we were isolated for these reasons.

When nobody believed that we could move ahead, when all was dark when we had to work 17 or 18 hours a day just to resolve our most pressing problems, when to find 2 or 3 million balboas we had to attend lengthy sessions asking bank officers: You, bank such-and-so, how much cash do you have? I have $80. We said: Bring it and put it there. Others said: I have $300 or I have $40,000. We added all of these amounts until we got $2 million or $3 million to resolve urgent problems. That is how we did it. And by adding pennies and many dollars we were able to move ahead with an economy resembling that of a neighborhood grocery store. The economists who graduated in the United States were quite confused, because this is not taught in college classrooms. You have to learn this by living the Panamanian reality, with the heart and the determination to do a job and to survive and with the great support and great patience and understanding of the Panamanian people. Let the truth be known: Anyone who is willing to take a check, without knowing who is going to cash it for him, shows a high degree of patriotism and a willingness to survive in a state of flux. To those government employees, we extend our highest recognition. To you, to all the Panamanian people, we convey our deepest admiration.

Rest assured that my commitment, as someone who was born in Los Santos Province, as a Panamanian, as a member of a generation that fought to make Panama a decent country, does not permit me to betray this country, because I prefer to die on my feet than to live on my knees. Thank you very much. [applause]

Speaks at Agricultural Fair

PA2205201688 Panama City Domestic Service in Spanish 1552 GMT 22 May 88

[Speech by Manuel Solis Palma, minister in charge of the Presidency, at an agricultural fair in Ocu, Los Santos Province—live]

[Excerpts] [Passage omitted] We have been paralyzed. We have been dependent on aid that came from abroad and that imposed on us subjugation, underdevelopment, and absolute dependence on another country. This cannot continue. That is why I think the phrase that every cloud has a silver lining applies to this stage in our country.

The aggression, the criminal aggression by the United States against the Panamanian people, has resulted in an unwavering determination by this people to survive, to forge ahead, and to chart their own destiny without interference from any country, because we have placed our homeland's sacred interests over and above the passing individual interests of a few people. I think this is a basic historical fact that has no equivalent in Panamanian history before or after its republican era.

I have heard the agricultural and livestock development minister ask here for authority and backing to place officials in the proper posts. I am going to say here and repeat it tonight at the meeting of the Cabinet Council—which meets evenings or days off, not during ordinary working days, when every minister must be at his office working for the benefit of the community—[applause] that the cabinet ministers have powers and know that they have our absolute backing to act correctly, to act dynamically. [passage omitted]

I have often heard people ask what Panama would be without help from the United States and they say that we would be in a worse situation than Honduras or any Central American nation. I think that when we say this

we are ignoring what the Panamanian people are. I think this crisis has clearly demonstrated that Panamanians do not need help from anyone to forge ahead; what they need is their dignity, their decorum, and their courage, which is quite great. [applause]

Who would have imagined that we could last 1 week when businesses shut down seditiously to try to topple the government? Yet businesses were closed for 1 month and nothing happened to the government and it was they [the U.S. Administration] who got all mixed up, [applause] only they. Today they are deploring their error. [passage omitted]

Of course, they have indeed caused some erosion in Panama's economy. However, we are recovering, and I think that we must have a plan for national improvement and change because we must change our economic models. We have to change our basis of sustenance. Panama has been depending on the tertiary sector, fundamentally on the services and commerce sector. We neglected agriculture; we neglected the very essence of our nationalilty, of Panama as a nation. Today we realize that the farmers have saved us. [passage omitted]

In (?1987), the real income of the public sector was 2,181,020,000 [currency not specified] and estimates for 1988, under the circumstances that were presented, are that this income may total only 1,613,300.000 and that we may even reach only 1,430,500,000. We have discussed these figures very much. I do not agree with them. I think they are pessimistic. They are the estimate of results during March and April. In March, the revenues of the central government and decentralized offices fell completely. We had estimated that 114 million in taxes would be collected in March, but we received only 30 million. In April, when we expected to receive approximately 70 million, 40 million was received.

There has been a change, and we are going to wait and see what happens in May, because we are recovering despite the economic squeeze to which we have been subjected. [passage omitted] The central government's income in 1987 was 1,073,900.000, almost 1,074,000,000 [figures as heard]. According to the estimates I describe as pessimistic, in the best of scenarios we can expect to receive 690, or 507 [million] in the worst of cases. If this were so, we would be really on the verge of collapse, but I do not see it this way. [passage omitted]

The agriculture minister has a challenge, and is rising to it, and we think he will continue taking up the challenge. The countries we have approached have told us: Go to other places to request aid, because we know they are going to help you. Why? Because we knew how to resist, because we demonstrated a sense of dignity, and because we have shown the world that we love our country and will not humble ourselves before the powerful. [passage omitted]

If the United States had not been in Panama since 1903, we would have developed on our own initiative, with our own intelligence, with our own capacity. Perhaps we would be better off than we are now, because only the canal areas benefited from the canal. The rest of the Republic has not received the favorable effect of this impetus from the canal. [passage omitted] Therefore, we must change the approach to our economy. We must see how we can also develop our agriculture and services. [passage omitted]

I want to say before some foreign newsmen I see here and other newsmen something I have said before: Political democracy is being demanded from us. There are demands and cries for political democracy, which is freedom of the press, freedom of expression, freedom for the media, and honest elections. We also believe in this. We think there must be such freedom, but not license, which has been the case until now. They say there must be free and honest elections. I take this opportunity to say that elections will be held on 7 May 1989 for president, vice president, and legislators. [applause] There will be no other date. They will be held on that date. [applause] [passage omitted]

One thing is more essential than political democracy: economic democracy, social democracy, educational democracy, democracy amid health, democracy amid national coexistence. If they want economic democracy, let the privileges come to an end. [applause] [passage omitted] The economic democracy we seek is equality for all to prosper alike, starting from the same point. [passage omitted]

I criticize the professors and teachers who, coming from the common people, do not know how to respond to their own class. [applause] The same goes for public officials. When we reach the upper echelons, I am sure we grant much more voluntarily an audience to somebody who presents a card from the oligarchy or from the Union Club than to one of us, but this must change. [applause] [passage omitted]

I hope many more fairs like this will be held in many other districts. [passage omitted] I think this is important, and the work we have begun must continue. I want say we have discovered some good work toward the Panamanian community: the food bags. I think if we organize this work this well, it can be applied not only to public officials but to the unemployed, the people who cannot purchase them. [passage omitted]

I want to ask all of you to continue working the way you are working and to thank you and the Panamanian people in general for the capacity you have shown to suffer, to endure this aggression, which we have overcome now thanks to the dignity and courage of our people. However, gentlemen, if we are asking the people

for sacrifices, let us begin to make sacrifices ourselves. We cannot have officials who have no functions to perform, because this hurts the dignity of the Panamanian people and the state.

CONATO Criticizes Business, Government

PA2305184288 Panama City Domestic Service in Spanish 1200 GMT 23 May 88

[Communique: "CONATO Against Businessmen's Infamy and Government Inefficiency;" issued by the National Council of Organized Workers (CONATO)—date and place not given]

[Text] The National Council of Organized Workers, CONATO, an organization that represents Panamanian workers, by this means wishes to reiterate its total rejection of the illegal and infamous actions that private enterprise sectors are carrying out against workers as a result of the crisis and its rejection of the passive attitude of Labor Ministry authorities.

In June it will be 1 year since the U.S. Government began the economic and political aggression against our country, using as a pretext the allegedly illicit activities of General Noriega to force him to leave the post of commander of the Defense Forces and to install a submissive government that would increase dependence, revise the Torrijos-Carter Treaties to the detriment of Panamanians, and essentially sign a military pact that will establish a U.S. military presence after the year 2000.

This Yankee perfidy was implemented through the National Council of Private Enterprise, CONEP, which is comprised of all the local business organizations and which engendered an antinational, unpatriotic, and lackey apparatus called the National Civic Crusade. The members of this anticivic, antinational, and antipopular Crusade, believing that the seizure of political power would take just a few hours, staged lockouts as one of the means to economically and politically destabilize the country. They carried out a campaign of misinformation to poison public opinion, to manipulate the people's behavior, and essentially to try to channel the justified discontent of large sectors of the people against the government. They also directed their actions against labor and popular leaders, accusing them of having sold out to the government in order to create distrust, to discredit them, to remove the honest trade union leaders, and to suppress the trade union movement's rights and achievements.

In their eagerness to execute orders issued by the Americans through their embassy and basically as a result of their desire for power, the Crusade businessmen did not consider the consequences that would befall their enterprises if their political adventure failed. Today, the Crusade members' brainchild has been broken up and defeated. However, they achieved their objective: The economy is on the verge of collapse and total paralysis.

Under these circumstances, and as expected, these businessmen have already begun to show how despicable they are. Without caring that the workers were in no way responsible for this crisis and without the least consideration, they have fired thousands of workers, even those with the most seniority. They have forced thousands of workers to go on unpaid leave and vacations for indefinite periods of time. Other businessmen are using this opportunity to close departments or their entire companies so as to later open them with new personnel who will be paid lower wages.

It must be stated that such actions by businessmen violate clear provisions of the Constitution, the Labor Code, collective contracts, and internal job regulations. It must be noted that such actions by businessmen are occurring at a time when they have not seized political power. This leads to the question: What would the workers' conditions be if the businessmen achieved their goals?

Another despicable act by the businessmen is the fact that they deceitfully used many of their workers to protect their enterprises 24 hours a day and forced them to participate in demonstrations and disorders that they organized. They later either illegally suspended or fired the workers.

The CONATO also publicly acknowledges that many businessmen who did not participate in the Crusade's anti-Panamanian adventure have seen their companies' operations affected as a result of our country's grave crisis. Nevertheless, they are withstanding the onslaughts without harming the workers and have even paid them their 13th month bonus or have reached satisfactory agreements for both sides.

Hunger, misery, unemployment, and despair are spreading among our people's communities. Soon there will be an explosion of incalculable proportions if the government does not urgently and effectively act to find a solution to the problem. This explosion will punish both the Crusade businessmen for their infamous actions and the government leaders for their inaction.

We have entered a new phase of the workers and peoples struggle. CONATO therefore calls on all its member organizations to be on general alert so we will be ready to begin the fight:

1. For job security;

2. For the preservation of jobs and against the closing of businesses;

3. Against illegal dismissals, agreements, and unpaid leaves and vacations;

4. For respect for the Labor Code, collective contracts, and other labor laws;

5. For true labor justice and the establishment of special state protection for workers;

6. For the repeal of Law 8 of April 1981 and Law 1 of March 1986;

7. For the promulgation of the civil service law;

8. For a reduction and freeze of prices of staples, shoes, clothing, and school books and supplies; and

9. For the implementation by the executive branch of all the recommendations made and agreements reached at the national dialogue in the Atlapa Convention Center, because they provide feasible alternatives to end the crisis.

[Signed] Francisco Castaneda, CONATO coordinator for May 1988

Lewis Galindo on Resolving Problems, Banking

PA2405041588 Panama City Circuito RPC Television in Spanish 2300 GMT 23 May 88

[Interview with industrialist Samuel Lewis Galindo by unidentified reporter; date and place not given—recorded]

[Excerpt] [Lewis] The Panamanian people are waiting for a negotiated solution of the current situation. It is understandable that the United States is interested in our problems, because of our relations with that country. It is, however, important to know—and I have always believed this—that Panama's political problems must be resolved exclusively among Panamanians.

Today the country demands that its leaders rise above selfish and personal interests and demands that opposition groups become more flexible so all of us, without exception, can help take the country out of the chaos in which it is immersed.

It is necessary to build the base that will create confidence in the next presidential elections in which the will of the majority must prevail. For that, we must prepare the country and create trust in its institutions. We must take certain steps to attain that goal.

[Reporter] Mr Lewis, as a member of one of the most important local banks, what do you think of the current banking operations and its prospect in the future?

[Lewis] The Panamanian community and bank clients in general have shown a great deal of patience toward and understanding of the current banking situation. It is necessary, however, for banks to be a little more aggressive and implement mechanisms and use new instruments to accelerate the use of the frozen funds so banks can fulfill their obligation, which is to contribute to the country's economic development. [passage omitted]

Arias Policy Toward Panama Criticized

PA2005225888 Panama City Televisora Nacional in Spanish 0000 GMT 20 May 88

["Today in the World" commentary by Luis Manuel Martinez]

[Text] Costa Rican President Oscar Arias Sanchez met, as we previously reported in this segment, with Southern Command Commander, or General, or Supreme Chief Lieutenant General [as heard] Frederick Woerner 2 or 3 weeks ago. Upon leaving the presidential office, Woerner told newsmen that the United States was not planning to deploy or move the troops stationed in the canal area because this would be strategically dangerous. On the contrary, he said, they were looking for alternatives so that by using landing strips and roads, the engineers who were in [Costa Rican] Guanacaste Province could come to Chiriqui and construct roads to enter Panama through Bocas del Toro.

The unfortunate remarks by Woerner have been confirmed just 3 weeks after he made them. This is not a regular army; it is a gang of mercenaries hired and paid by the United States to fill this country with weapons and explosives and bring sorrow, mourning, and death to the country. What is the base for this sinister plan? Costa Rica, as it was in 1978 with regard to Nicaragua. Therefore, it is necessary to clarify that this matter is more than the $20 visa, which each Panamanian who now enters Costa Rica must pay, to which you must add the $50 they charge students attending schools [in Costa Rica] near Chiriqui because the schools here are closed and will not reopen until 6 June.

During his visit to Panama, [Costa Rican] Deputy Leon Villalobos Salazar said he believes this is not the time for President Oscar Arias to implement these kinds of taxes because of Panama's current crisis. However, [Revolutionary Democratic Party legislator] Camilo Gozaine, from David, Chiriqui, has added to these statements. Gozaine mentioned the flight of 6 million balboas because of trade, the visa fee for Panamanian students and citizens, and other activities. Costa Ricans are taking everything away from us, Camilo Gozaine reported. He added that customs officials and the Defense Forces have begun restricting this unscrupulous attitude that shows that Costa Rica has no sense of friendship.

Well, on the one hand Costa Rica imposes taxes on us, and on the other hand, it lets its territory be used for the U.S. plan to bring violence to Panama. Is this the way to win the Nobel Peace Prize? Peace has not been achieved in Central America. Therefore, the Nobel Peace Prize awarded to Oscar Arias Sanchez is another fiction, like the many political fictions this Central American nation has been encouraging for almost 50 years.

We are being fleeced at a time when we are short of cash, when we are short of food. At this time when there is a U.S. embargo, Arias is trying to get more dollars from us. Furthermore, he surrenders his country's territory to the

Southern Command General, or Lieutenant General, or Chief Frederick Woerner, so U.S. troops can construct roads anywhere they want, and lead our country to a sad and painful state. With neighbors like this, we do not need any more enemies.

Oscar Arias Sanchez, who visited Chiriqui during his presidential campaign and who received economic support from those businessmen and citizens to whom he is causing so much harm, has forgotten that Panama had a lot to do with his victory. Without the aforementioned economic support, he would not have ended his campaign as a winner.

Arias U.S. 'Cheap Partner'

PA2305032388 Panama City Televisora Nacional in Spanish 0100 GMT 23 May 88

["Septimo Dia" program by Luis Manuel Martinez]

[Text] We hear that Costa Rican President Oscar Arias Sanchez has received a new award because of his actions in favor of peace. However, all this week we have been ceaselessly monitoring the news, and we have detected Costa Rica's actions against peace with its neighbor, the Republic of Panama. For instance, the tolerance with which they have allowed the U.S. Army engineers to travel from the [Costa Rican] Province of Guanacaste to [Panamanian] Province of Chiriqui; the taxes levied on Panamanian students who are temporarily in Costa Rica to attend school because of the postponement of the beginning of the school year in Panama until 6 June; the $20 [visa] charge against each Panamanian; plus other taxes charged Panamanians residing on Costa Rican soil. All these show that President Arias Sanchez does not have a sincere and clean attitude toward Panama, despite all the awards he has received.

Peace is not something nebulous, ambiguous, or invisible; peace is something concrete, and up until now Arias Sanchez has done nothing concrete to achieve a cease-fire in Nicaragua, resolve the Salvadoran crisis, or stop the U.S. logistical support of the prolonged war that has raged for almost 9 years on Salvadoran soil. Neither can he now pride himself on having done anything to stop the suffering of the Panamanian people in view of the cruel and continued U.S. aggression. On the contrary, he has become an accomplice of the empire and acts as Washington's cheap partner by imposing taxes on Panamanians and allowing armed groups and urban commandos to be recruited in Costa Rica to destabilize our country. In view of the foregoing, if we felt that bestowing the Nobel Prize on him was ridiculous and untimely, this new award seems to us superficial and demagogic.

If they have no likely candidates, because peace is being trampled on throughout the world, they should not turn into an archangel of peace a president who has not even been capable of resolving the unemployment and the great domestic conflicts of his own country. He has devoted his time to carrying out international propaganda, supported by Washington—and that is the reason for all of these awards—while there is more and more hunger and less and less hope in Costa Rica that Oscar Arias will show the depth, energy, and sincerity needed to find solutions to the serious social problems of the so-called Central American Switzerland.

Journalists Demand Reopening of Media

PA2205205988 Panama City LA ESTRELLA DE PANAMA in Spanish 22 May 88 pp 14, 2-A

[Text] The Journalists Union of Panama [SPP] has issued a communique signed by its board of directors in which they refer to the crisis that the country is experiencing. It states that in addition to its social and political consequences, the crisis has affected communications workers, especially journalists, and it calls on the government and the business sector to seek together a prompt and reasonable solution that will allow us to overcome these moments that affect all Panamanians.

The SPP resolves:

1. To demand that authorities provide a prompt solution to the current national crisis, which is directly affecting the media and all Panamanians, especially those working in communications;

2. To urge all media owners to respect journalists' professional status and to cease altering the labor conditions of their accredited professionals;

3. To urge the government to establish mechanisms to allow the reopening of closed media in the name of social peace, the principles of respect for society, and the free expression of thought for authentic freedom of speech;

4. To call on all colleagues to unite in these difficult times for journalists in Panama;

5. To call to the attention of all public opinion sectors that the current situation can no longer be withstood due to the growing number of journalists affected by the national crisis;

6. To inform the entire country that we as journalists are aware of the consequences of foreign economic aggression but that in order to confront them in unity and in total rejection, different trends in opinion must be permitted so that social peace and tranquillity will return to the heart of Panamanian society.

Issued in Panama City on 20 May 1988.

Ramon F. Castellanos A., secretary general; Humberto Spadafora, finance secretary; Pablo Edmundo Botello, organization secretary; Reinaldo Labastides, records secretary; Antonio Diaz, defense and labor secretary; Hector Donadio Carrillo, auditing secretary; Elvia Alvarado

de Amador, press secretary; Demetrio Romero Wong, international relations secretary; Francisco Castaneda S., trade union relations secretary; Alberto Henriquez G., social events secretary

Mexico Prepares To Send Economic Aid Package

PA2405033888 Panama City Televisora Nacional in Spanish 1800 GMT 23 May 88

[Text] Mexico is getting ready to send a package of economic aid to Panama, which includes medicine and food. Arrangements for the transportation of the material are under way. The aid package should arrive in Panama in the next few days.

Mexican Ambassador to Panama Carlos Planck said that the number of scholarships to study in Mexican universities will increase. The scholarships will be preferentially granted to Panama Canal employees.

Miguel de la Madrid's government freed Panama from financial obligations to obtain oil until the crisis is resolved.

In addition, the technical cooperation director of the Mexican Foreign Secretariat will soon visit Panama to receive requests presented by the Panamanian Government.

Concerning trade, Ambassador Planck said there is a partial agreement through which Mexico has reduced the taxes on 52 Panamanian export products without requesting reciprocity from the Panamanian Government.

Mexico is also offering farming, geothermic, and industrial assistance.

Shipment of Fertilizers Arrives for Farmers

PA2005195888 Panama City Televisora Nacional in Spanish 0000 GMT 20 May 88

[Text] A shipment of 1,300 tons of fertilizers from Cartagena, Colombia, arrived aboard the vessel "Marava" at the Coco Solo port on the Atlantic. The shipment forms part of the supplies that the Agricultural Development Bank [BDA] will make available to the producers as part of the contingency plan for production. BDA Assistant Manager Eduardo Marin has given details about the distribution of these fertilizers to producers.

[Begin recording] [Marin] This ship has arrived from Colombia. It is the first ship to arrive as a contribution from the Latin American countries as a result of the SELA agreement to support Panama and as a result of the efforts of the Panamanian president and the agricultural development minister. The fertilizers that arrived today will be distributed in Chiriqui, Veraguas, Cocle, and Panama Provinces because they are already in the planting phase and as a direct response to the Panamanian producers who have accepted the contingency plan and who believed in the Panamanian Government, the BDA, and the Agricultural Development Ministry. The first shipment of these fertilizers is now being unloaded and trucks have already left for Chiriqui, Panama, and Cocle Provinces.

[Reporter] How many more shipments is the BDA expecting?

[Marin] Well, we think that about one ship will be arriving per week because we will be receiving fertilizer from various Latin American countries because SELA recommended to its members that they support us with fertilizers and other supplies needed for the planting program. [end recording]

[Panama City LA ESTRELLA DE PANAMA and CRITICA in Spanish on 20 May both report that the 1,300 tons of fertilizers "were bought by the Panamanian Government in Colombia."]

Argentina

Caputo Denies Purchase of PRC Rockets

PY2305125388 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1210 GMT 23 May 88

[Text] Buenos Aires, 23 May (NA)—This morning Foreign Minister Dante Caputo denied press reports that indicate that Argentina has signed an agreement with the PRC for the purchase of rockets with which to attack the Malvinas Islands.

In a telephone interview from New York with Radio Continental, Caputo confirmed that Juan Carlos Beltramino, under secretary for border and southern affairs, toured Latin American countries to reaffirm Argentina's position regarding the Malvinas conflict in view of the visit of British Deputy Foreign Minister [title as heard] Timothy Eggar.

Scores SUNDAY TIMES Report

PY2305143688 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1330 GMT 23 May 88

[Excerpts] Buenos Aires, 23 May (NA)—[Passage omitted] Foreign Minister Dante Caputo stated that he is in New York "to conclude the preparations for President Raul Alfonsin's visit next week. I believe that the trip is important because, although he is coming for the disarmament conference, where he is going to speak, he will also carry out a series of activities which are basically linked to the economic sector and to the foreign debt." [passage omitted]

Asked about the reports of a possible Argentine-British meeting in Montevideo, Caputo clarified that "it is not necessary for British (Deputy Foreign Minister [title as heard] Timothy) Eggar to come to Montevideo to make contacts; we can make contacts, if that was the desire, anywhere in the world."

In this respect, he stressed that "a mission headed by Ambassador Beltramino has carried out a prior visit to the countries that will be visited by Eggar in order to reaffirm the Argentine position."

Asked about the report that has been published in the British newspaper SUNDAY TIMES regarding the signing of an Argentine-PRC agreement for the manufacture of missiles that have a range that would allow an attack on the Malvinas Islands, Caputo was very curt when he said that "that is a lie that has been made up by the English."

Evidently annoyed, the foreign minister emphasized the British lack of coherence in that Great Britain is currently presiding over the Security Council, while at the same time it choses to forget about Article 51 of the UN Charter, which calls for resolving disputes through peaceful means, and he concluded by saying that the British position is to untenable that they have to resort to press campaigns.

"The degree of the lack of imagination of the British at this time," he added, "really gives a fairly clear demonstration of the decadence of their empire."

The minister stressed that "the British objective is to demonstrate to the world that Argentina is an irrational and warmongering country, and thus it is not they who are intransigent when faced with a just Argentine position, but that they cannot accept negotiating with a country that continues to believe in the use of force as an instrument to recover the Malvinas."

He then commented on the SUNDAY TIMES report which indicated that Argentina also wants to purchase PRC combat planes, heavy water for nuclear development, and that Argentina will allow Chinese scientists and military men to install bases in the Antarctic.

Caputo stated that "this is the outcome of fabulous ignorance, because we have a scientific cooperation agreement regarding the Antarctic that is totally separate, and I believe that to want to harm Argentina's image that way is the most inefficient way to do so.

"We want to suggest to the people who write for the SUNDAY TIMES, and to those who are organizing this campaign, to come up with brighter ideas if they really want to try to balance the enormous lack of prestige of Great Britain in this affair," he concluded.

Congressman Gass on Relations With UK

PY2305161188 Buenos Aires TELAM in Spanish 1548 GMT 23 May 88

[Text] Buenos Aires, 23 May (TELAM)—Adolfo Gass (UCR-Buenos Aires Province), president of the Senate's Foreign Relations and Worship Committee, has stated that no official has any intention of talking with UK Deputy Foreign Minister [title as heard] Timothy Eggar.

Gass thus referred to rumors that indicate a possible meeting between Argentine officials and Eggar, who is currently visiting Uruguay, the first stop on his tour of the continent. Eggar will also visit Bolivia, Mexico, and Venezuela.

The United Kingdom is consistantly asking us for a more flexible position. We have done what is necessary, and we will continue to do so if they respond in the same manner, the congressman said, highlighting the British demand that Argentina must declare a formal cessation of hostilities in the South Atlantic war.

In remarks made to Radio America, and after recalling Argentine foreign relations and the country's relations with the United Kingdom, Gass stated that we have made our position as flexible as possible, and he also scored those who are more interested in making good deals with Britain than in Argentine sovereignty.

Defense Minister Comments on Military Budget

PY2305190688 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1235 GMT 23 May 88

[Text] Mar del Plata, 23 May (NA)—Today Defense Minister Jose Horacio Jaunarena said that "it is not true that Argentina cannot defend itself or that it is at the mercy of any neighboring country." He was replying to the comments made in this regard by Buenos Aires Province Vice Governor Luis Macaya.

Jaunarena reiterated that the budget of the Armed Forces "will be in accordance with the general situation of the country, but it will allow the Armed Forces to have an adequate level of training."

He said that "the discussions are over and the budget issue is closed." He added that "the situation in the Army is absolutely normal" and that he has verified in his visits to military garrisons that the Army Forces "are enjoying good times."

Regarding the Air Force, Jaunarena told EL ATLANTICO that there are reports about the replacement of General Ernesto Crespo, but he emphasized that "these reports have no basis."

Regarding the situation in the Navy, Jaunarena said that the "operational ability has tripled during the last 5 years," and that "it is not true that Argentina cannot defend itself or that it is at the mercy of any neighboring country."

Regarding Argentine-Chilean relations he said that "they are normal, although a situation of tension, which was created by a conflictive situation, remains, but it is disappearing because of the agreements signed. The current situation is normal."

Asked about Argentine-British relations, Jaunarena regretted that the British Government "has not put away its intransigence or agreed to sit around a table to negotiate with us."

Referring to the Suarez Mason case he said that he "has not detected anything" regarding Suarez Mason's statement on his responsibility. Jaunarena said that "it is a statement which must be evaluated by the judges."

CGT Readies Alternative Economic Program

PY2305012088 Buenos Aires BUENOS AIRES HERALD in English 22 May 88 p 13

[Text] (DYN-NA)—The Argentine people are being pushed to the limits of their endurance and society is becoming increasingly destabilized so that the governemnt's economic policy must be immediately changed, argued the General Confederation of Labour, CGT, who met yesterday with opposition political parties and business leaders to put the finishing touches on an alternative economic plan.

According to the CGT the new plan, which calls for a moratorium on foreign debt interest payments, should be finished by Tuesday.

By stopping interest payments, the CGT believes that Argentina will be able to use the savings to invest in domestic industry, revitalize production and create new jobs.

In a harsh statement accompanying the announcement of the alternative economic plan, the CGT called for the resignation of Economy Minister Juan Sourrouille and Public Works Minister Rodolfo Terragno, charging them with accelerating inflation and advancing the policy of partial privatization of state-owned enterprises.

"Democracy must defend itself with all the legal means available and rid itself of elements who are sowing misery throughout the country," the CGT statement said.

The statement also criticzed "the wave of steadily increasing public-sector prices, imposed under the pretext of containing inflation, which are only serving to raise the level of desperation of workers, pensioners, and house- wives."

Furthermore, the CGT blamed government technocrats "who depend on the approval of the IMF and sell off the fatherland to foreigners."

"In order to defend democracy, one can not ignore social justice," the CGT argued.

With this in mind, CGT leader Saul Ubaldini urged an increase in minimum wages and in pension benefits, and denounced the "government-business alliance" which continually block labour initiatives.

The CGT directors council have called a meeting for May 27 in order to work out a plan of action.

Meanwhile, the CGT will also participate in this week's international ceremonies commemorating those who went missing or jailed for political reasons. The ceremonies are being organized by the Latin American Federation of Families of Missing People.

With regard to the petroleum sector, United Petroleum Workers Union (SUPE) leader Diego Ibanez criticized the government for implementing a petro-plan which he says will drain the economy. Ibanez said SUPE will continue to fight the plan.

MAS Opens Congress; To Discuss Party Split

PY2305030088 Buenos Aires BUENOS AIRES HERALD in English 22 May 88 p 13

[Text] (NA-DYN)—While Movement Towards Socialism (MAS) leaders began their Third Congress in which they will analyze the splitting-off of a dissident faction, the Broad Liberation Front (FRAL) invited the former

party to join them "with no pettiness or sectarian interest" in a wide electoral front including "anti-imperialists, leftists and revolutionaries."

A letter outlining the proposal was handed over to MAS authorities at the start of their four-day congress yesterday.

The document states that "the monstrous crisis lashing the people imposes on the left the challenge of acting maturely, pouring all our efforts on the creation of a popular political alternative with a chance to attain power."

"Whoever does not assume this yearning for unity will have to resign itself to remaining an isolated force of abstract opposition, satisfied with its own relative growth, isolating the working-class from the other popular sectors," it adds.

Meanwhile the socialists' opening speeches also spoke of "coming out of the wilderness and pushing to become a party of mass influence."

This, however, was the second point on the MAS agenda. The first was the imminent fracture of the party, as the dissident faction led by Hugo Manes, with an "internationalist Bolshevik" tendency, has threatened to break away and form "an authentic Trotskiyist party."

The dissidents had conditioned their attitude on the situation being discussed first of all during the congress.

The deliberations of the biggest left-wing party in Argentina—which nevertheless is supported by only 0.5 percent of the electorate—took place under the supervision of overseas socialist authorities who were especially invited to participate.

Representatives from Brazil, Peru, Bolivia, Venezuela, Mexico, Spain, Italy, Panama, Britain and Australia joined the 1,500 participants, of whom only 220 are voting delegates.

Bolivia

Planning Minister To Run for President

PY2305140988 La Paz La Red Panamericana in Spanish 1130 GMT 23 May 88

[Excerpts] During the "Dialogue" program on Radio Panamericana this past weekend Gonzalo Sanchez de Losada [planning and coordination minister] announced his decision to run for the nation's Presidency as a candidate for the nationalist Revolutionary Movement in the 1989 elections. [passage omitted]

During the past few hours this radio station has been receiving requests from listeners around the country to air once again the "Dialogue" program of this past weekend. They all agree that the program is of interest not only because of the political announcement, but also because of the economic and social analysis made by the planning minister. [passage omitted]

Comments on Gas Purchases

PY2305124588 Madrid EFE in Spanish 0118 GMT 23 May 88

[Text] La Paz, 22 May (EFE)—Today a member of the Bolivian Government reported that Bolivia's economic prospects are very obscure because Brazil does not want to purchase our gas, and at the same time there is the danger that Argentina may suspend its purchases of gas when the contract expires in 1992.

Bolivian Planning Minister Gonzalo Sanchez de Lozada stated in an interview broadcast by Radio Panamericana that Bolivia's natural gas has practically no market and that this will undoubtedly hinder obtaining foreign exchange.

"We are in serious difficulties," the minister said, and he stressed that the government will have difficulty in finding new markets, "because Brazil has discovered large gas and oil reserves in its territory."

Referring to Argentina, Sanchez de Lozada stated that in view of the "desperation" that Argentina is suffering over its current crisis and the discovery of new fields, one is led to fear that in the next decade this country will not need Bolivian gas.

The minister also said that the only solution would be to export liquid hydrocarbons (oil) and their by-products.

The planning minister stated that there is a market for this type of product in Brazil, Argentina, Peru, Chile, and Paraguay.

Brazil

Ministers Announce Budget Reprogramming

PY2305154788 Sao Paulo FOLHA DE SAO PAULO in Portuguese 21 May 88 p A1

[Text] The government is working toward an estimated inflation rate of 18 percent for May and 17.9 percent for June. These figures are included in the reprogramming of the national budget disclosed yesterday by Finance Minister Mailson da Nobrega and Planning Minister Joao Batista de Abreu during a news conference in Brasilia. An overall cut of 367.8 billion cruzados in administrative expenditures and public investments has been made. The budget of three programs were increased: scholarships, milk for schools, and unemployment welfare.

The budget for this year is estimated at 8.025 trillion cruzados in contrast to the budget of 4.545 trillion cruzados approved by Congress in December 1987, using an annual inflation rate estimated at 120 percent. The reprogramming of the budget does not estimate the

inflation rate for this year, but revenue and expenditure calculations will be based on the June constant prices. They will be updated monthly.

The estimate of 4 percent of the GDP for public expenditures was reaffirmed. With this reprogramming of the budget, the government expects to get a reduction of expenditures of 0.9 percent of the GDP. The ministries which have allotments below 9 billion cruzados will have to reduce their expenditures by 11.95 percent. They are the Ministries of Culture, Labor, Social Security, Science and Technology, Mines and Energy, Foreign Relations, and Communications, in addition to the judicial and legislative branches of government. The other ministries will have to cut their expenditures by 19.4 percent. The government will submit the budget reprogramming to Congress for approval next June.

Sarney Announces Record Grain Harvest

PY2005172488 Rio de Janeiro Rede Globo Television in Portuguese 1600 GMT 20 May 88

[Text] This year's grain crops have reached 65,911,000 tons. This figure was reported to President Sarney by Agriculture Minister Iris Resende this morning. Sarney was so pleased that he himself made the announcement.

[Begin Sarney recording] For the second consecutive year, we have hit a record high in the agricultural sector. This year our grain crops, which surpassed last year's, total approximately 66 million tons, despite the problems caused by the drought in Rio Grande do Sul, where some 3 million tons were lost, and also in the west-central region, which had too much rain while the crops were being harvested, causing a 500,000-ton loss.

Had it not been for these problems, we would have reached 70 million tons this year. [end recording]

Fuel, Petroleum By-Product Prices Rise

PY2005231488 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 20 May 88

[Excerpt] Fuel, petroleum by-products, and alcohol prices have gone up.

The increase was authorized by the National Petroleum Council [CNP] and implemented at 0000 today. (Nelson Goncalves), CNP public relations secretary, will now read us the list of new prices.

[Begin (Goncalves) recording] As of today the price of gasoline goes up from 74.60 cruzados to 93.20 cruzados, which represents an increase of 24.93 percent; alcohol goes from 48.70 cruzados to 60.60 cruzados, which represents an increase of 24.43 percent; diesel oil from 34.60 cruzados to 44.30 cruzados, which representes an increase of 28.03 percent; the 13 kg cooking gas cylinder from 360 cruzados to 430 cruzados, which represents a 19.44-percent increase; and aviation kerosene goes up from 24.89 cruzados to 31.11 cruzados, which represents an increase of 25 percent. [passage omitted] [end recording].

Chile

Air Force on Candidate Selection Procedure

PY2305132688 Masdrid EFE in Spanish 2131 GMT 22 May 88

[Text] Santiago, 22 May (EFE)—A Chilean Air Force circular that has been distributed to Santiago garrisons indicates that the naming of the presidential candidate for the upcoming plebiscite is the responsibility of the commanders in chief and that the topic is not open to debate.

In accordance with the Constitution that General Pinochet approved and signed in 1981, the Armed Forces will submit to a plebiscite the name of the person whom they will choose to be president for the 1989-1997 period. If the Chilean people decide to vote no, then there will be direct elections in 1990.

The Air Force circular, which was published today in the newspaper LA EPOCA, stresses that the naming of the candidate is "the personal responsibility of the commanders in chief and this does not mean that this topic will be debated within each of the services as to who will be the candidate."

LA EPOCA indicates that the Armed Forces will participate in the naming of the candidate in three ways: in the naming of the candidate, the overall vigilance of the plebiscite, and through participation as citizens in the plebiscite.

The naming of the sole candidate will be unanimously made by the Junta of the commanders in chief of the Armed Forces, which includes President Pinchet and the director of Carabineros, at least 90 days before the current presidential period expires [11 March 1989].

President Receives UK Navy Chief of Staff

PY2105031988 Santiago Television Nacional Network in Spanish 0030 GMT 21 May 88

[Text] Today Sir William Stavely, chief of staff of the British Royal Navy and First Sea Lord, said that his country will not change its policy regarding the Falklands Islands and, therefore, it is the Navy's duty to protect them.

This morning Sir William Stavely was received by President Pinochet. The chief of staff of the British Navy, who is on a professional visit to Chile, was accompanied by Admiral Jose Toribio Merino, commander of the Chilean Navy.

The British visitor will participate in the ceremony to celebrate the 109th anniversary of the naval glories.

Two Carabineros Killed in Santiago on 20 May

PY2105142188 Santiago Domestic Service in Spanish 1030 GMT 21 May 88

[Text] Yesterday two Carabineros were shot dead by terrorists in the presence of several witnesses, who were frightened by the bloody murders. Early in the morning, at about 0715, a terrorist commando ambushed Carabineros Sergeant Carlos Arturo Gonzalez Valenzuela, a member of the Carabineros choir, and killed him at the corner of General Velazquez Avenue and (Pedro Aguirre Lacerda) Avenue, in the Estacion central district.

This barbaric terrorist operation was repeated late last night inside a Puente Alto bus. Carabineros noncommissioned officer Jaime Orlando Sandoval Mendoza, of the Lo Prado 26th Police Precinct, was treacherously killed by another group of terrorists, who shot him six times.

Both murders were witnessed by horrified citizens, who testified to the cold-blooded and vicious attitude of the criminals, who fearlessly obeyed their barbaric instincts.

Sergeant Gonzalez Valenzuela, 31, and Corporal Sandoval Mendoza, 25, were the fith and sixth Carabineros victims to be killed by terrorists this year.

Interior Minister Comments

PY2105010488 Santiago Domestic Service in Spanish 1700 GMT 20 May 88

[Text] The interior minister, following the treacherous murder of Carabineros Sergeant Carlos Arturo Gonzalez Valenzuela, states the following:

1. The supreme government expresses its deep sympathy and full support to the Carabineros of Chile and to the family of the victim at this time of sorrow.

2. This new Carabineros martyr proves the patriotic dedication to duty of the members of the institution and strengthens the faith in the Chilean cause.

3. We know that Marxist extremism will always resort to violence and homicide, but they will never be able to destroy the nation or take away our freedom.

The declaration ends by pointing out that we are sure that our community understands the seriousness of this crime and has a clear view of the arduous and continuous work the Armed Forces and police forces carry out to protect all Chileans.

Comment on Deaths of Carabineros, Effects

Defense Minister

PY2105193088 Santiago Domestic Service in Spanish 1700 GMT 21 May 88

[Excerpts] Commenting on the murder of two Carabineros yesterday, Defense Minister Rear Admiral Patricio Carvajal said: We will not give the terrorists the satisfaction of declaring a state of siege so that they can later charge that the plebiscite process was not clean. Adm Carvajal made this statement during the ceremony celebrating Navy Glories, which was held at the Captain Pratt Square in Santiago.

[Begin recording] [Carvajal] Through these violent acts, the terrorists want to force us to declare another state of exception. They want to force the government to declare a state of exception to then say that the plebiscite was not held under the necessary conditions of freedom. We will not give them this satisfaction. I am sure that we are able to preserve the order and the security of the people without resorting to other states of execption.

[Question indistinct]

[Carvajal] To increase the number of Carabineros personnel, ensure them (?better means of defense), and place them in special neighborhoods so they do not have to live in certain neighborhoods together with criminals. [end recording]

The defense minister said the government is studying ways to increase personnel without burdering the sector's budget. He added that the government is concerned with finding ways to put an end to these types of cowardly acts so that they not occur again and so other people do not have to mourn over these horrible crimes, which are rejected by all Chileans.

Interior Minister Sergio Fernandez, who was so moved that that he headed the funeral procession during Carabineros Sergeant Carlos Gonzalez Valenzuela's burial, called on politicians of all trends to isolate those who masterminded the vile crime perpetrated in the Estacion Central District.

Fernandez said that, as Carabineros Director General Stange stated at the cemetery, the murderers will be identified and punished, but those who masterminded the crime must also be punished.

[Begin Fernandez recording] [Passage omitted] I am referring to Marxism. I am concretely referring to [words indistinct] of the (?foreign) minister. If we want to put an end to these murders, we must [words indistinct] that use violence, hatred, and crime as valid methods.

Therefore, I call on all of sectors of national politics without exception and ask them to isolate the Communist Party, to not reach agreements with the Communist Party, and to not make alliances with its members. [passage omitted] [end recording]

Minister Fernandez said that the courts will decide about the punishment to be applied to these criminals. He concluded by saying that the government does not intend to be more strict in the implementation of the current states of exception.

Vicariate of Solidarity

PY2005215188 Santiago Radio Chilena Network in Spanish 1700 GMT 20 May 88

[Text] The Vicariate of Solidarity has strongly condemned the killing of Carabineros Sergeant Carlos Gonzalez Valenzuela.

Carmen Serrano, a member of the Vicariate of Solidarity Public Relations Department, has released the text of a communique for the Primera Plana program.

[Begin Serrano recording] Concerning the killing this morning of Carlos Arturo Gonzalez Valenzuela, a Carabineros sergeant, the Vicariate of Solidarity of the Santiago archbishopric hereby expresses its strongest condemnation for this cold-blooded crime.

Any attempt on a person's life, whatever the reason, must be straightforwardly rejected by the community.

We are shocked by the cold-bloodedness and violence of this killing. We are especially concerned over the serious damage that these killings cause to social coexistence.

We are praying for the family of Carlos Arturo Gonzalez Valenzuela, especially for his wife and children, for whom we are asking the strength required to cope with this period of grief. We are expressing our sincere condolences to them and to the Carabineros de Chile corps. [end recording]

This was the text of a communique released by the Vicariate of Solidarity repudiating the crime perpetrated against a Carabinero this morning.

MAPU Faction

PY2105161188 Santiago Domestic Service in Spanish 1030 GMT 21 May 88

(Text] The leaders of the Lautaro faction of the United Popular Action Movement (MAPU) said in an interview to an opposition magazine that murdering Carabineros is a way of recovering weapons for the people. They added that the recovery of weapons that belong to the people is a way of enabling the people to implement the revolutionary policy.

The incredible interview, which was full of vile cynicism, was published by one of the many oposition magazines issued in Chile.

The MAPU-Lautaro leader interviewed by the magazine said, open quotation mark, in general terms it must be said that Carabineros do not defend our interests, close quotation mark. Within the framework of an operation to recover weapons for the people, the objective is not to kill the Carabinero, the interview published by the opposition magazine stated. This is not the goal of the revolutionary policy. Its goal is to recover the weapons.

Communist Leader Appeals Court Sentence

PY2105122488 Santiago EL MERCURIO in Spanish 13 May 88 p C-9

[Text] Yesterday afternoon Communist leader Fanny Pollarolo appeared before the Criminal Court of Appeals to be notified of a lower court decision handed down by Judge German Valenzuela Erazo. Valenzuela sentenced Pollarolo to 3 years in prison, but temporarily suspended the sentence pending appeal. Pollarolo was sentenced for violation of the State Security Law.

Fanny Pollarolo appeared before the court with defense lawyer Sergio Corvalan. After receiving the judgment Pollarolo appealed and asked the court to acquit her on all charges because, in her opinion, she is innocent.

The Communist leader is currently free on bail. She was first arrested on 7 October 1987 due to the National Workers Comand (CNT) call for a national strike. Pollarolo is being tried for alleged violation of Article 6, Section D, of the State Security Law, which penalizes those who promote the closing of streets, bridges, roads, or other public premises, or prevents acceses to them.

In the same decision, Judge German Valenzuela sentenced Carlos Milan Munoz to 2 years in prison, and suspended the sentence pending appeal, for being an accomplice. Munoz also appeared before the court to be sentenced and appealed the decision.

One of Santiago's Court of Appeals will hear the petitions and arguments submitted by Fanny Pollarolo and Carlos Milan Munoz.

Ex-CUT Official Sentenced for Illegal Entry

PY2105231988 Santiago EL MERCURIO in Spanish 10 May 88 p C-6

[by Francisco Eterovic]

[Text] Punta Arenas—Jose Arriagada Contreras and Francisco Alarcon Barrientos, former CUT [Sole Central Confederation of Workers] regional secretary, were sentenced to 61 days in prison and prohibited from occupying public jobs during that period. They are charged with illegal entry into the country. The sentence was suspended pending appeal.

Local Court of Appeals Judge Ruben Ballesteros handed down the decision after charges were filed by the 12th Region Intendancy. The defense appealed "because we maintain that the desire to live in the fatherland cannot be viewed as a crime," said defense lawyer Oscar Vivar Uribe. Alarcon was a CUT regional secretary, and he lived in Bulgaria for 7 years. Arriagada worked in the port docks and lived in Denmark for a long time.

Rocket Attack Misses Army Institute Building

PY2005194688 Santiago Radio Chilena Network in Spanish 1700 GMT 20 May 88

[Text] Last night unidentified individuals conducted a frustrated attack on the Army Military Institute Building, on Reina Alta District, and mistakenly caused serious damaged to a private home.

According to eyewitnesses and a police report, the attack took place at about 2340. An undetermined number of individuals, still unidentified, launched a light rocket [cohete de luz] at the Military Institute Building some 800 meters away. The rocket was launched from a site near 9500 Larrain Avenue. The rocket, however, missed the target and hit Juan Quintana Bustos' home at 900 (Alquinos) Street.

The rocket caused serious damage to the northern wall of the house and to its roof. There were no casualties.

Carabineros personnel investigating the site of the attack found pieces of the rocket and its launching base. Investigations have not yielded positive results so far.

Colombia

New Liberalism Unites With Liberal Party

PA2005215988 Bogota Emisoras Caracol Network in Spanish 1215 GMT 20 May 88

[Text] The Liberal Party and the New Liberalism Movement have signed a unity pact. They promise to defend and approve in Congress a [words indistinct] and a complete constitutional amendment that they will present jointly with the government.

Senators Fernando Duran Dussan, chairman of the Liberal Party's National Directorate, and Luis Carlos Galan Sarmiento, head of the New Liberalism Movement, signed an agreement after more than 70 hours of negotiations and compromises. Galan Sarmiento and Duran Dussan pointed out that they will continue to be the representatives of the two sectors within the Liberal Party. They said they will carry out joint activities to fully support President Virgilio Barco's government.

The New Liberalism Movement will continue to be a faction of the Liberal Party, but it will cancel its legal registration with the electoral authorities. The New Liberalism Movement will officially cancel its legal registration on 6 August and will attend the Liberal Party's national convention in Cartagena. Luis Carlos Galan Sarmiento said that although this integration process began with the ideological convention at Ibague, the New Liberalism Movement is not interested in the number of delegates it will have at the convention but in clearly establishing its stand at the convention.

Senator Galan Sarmiento said [words indistinct] will attend the convention, where it will ratify the cancellation of the party's legal status. He added that despite this, the New Liberalism Movement will continue to be a faction within the government party.

4 Policemen, Detective Killed in 3 Incidents

PA2205222888 Hamburg DPA in Spanish 1700 GMT 22 May 88

[Excerpt] Bogota, 22 May (DPA)—In the last few hours guerrillas have killed three policemen when they attacked a police car in Sucre municipality in northeastern Santander Department. Meanwhile, unidentified individuals murdered another policeman and a detective in Medellin.

In Sucre, FARC members, who according to military spokesmen intended to take over the town, attacked a patrol car, killing policemen Benjamin Vera Mendoza, Miguel Arias, and Jose Fuentes, and wounding another policeman.

In Medellin, policeman Gabriel Gonzalez Gallego was murdered by unidentified individuals who shot him while he was walking down a busy street. In neighboring Bello municipality, unidentified individuals fired 16 times at 30-year-old detective Ivan Velasquez, who was a member of the Citizens' Protection Department [Departamento de Orden Ciudadano], (DOC).

These killings bring the policemen's death toll in recent incidents to 11, 5 of them in guerrilla actions. Two DOC detectives have also been killed in Antioquia Department.

Meanwhile, the Army said that at least six FARC guerrillas were killed in recent clashes in La Belleza municipality, on the border between Boyaca and Santander Departments. The Army had initially reported that six rebels had been wounded. [passage omitted]

FARC Kills 2 Policemen

PA2205030388 Buenos Aires REUTER in Spanish 2245 GMT 20 May 88

[Text] Bogota, 20 May (REUTER)—The authorities have reported that Colombian guerrillas killed two policemen and injured four others today after occupying a town in Casanare intendancy, eastern Colombia.

Approximately 80 FARC members stormed the town of San Luis de Palenque in the early morning. They attacked the police station and other government buildings.

Jesus Moreno, police chief of Meta Department, said that the guerrillas tried to kidnap the duty officer at the police station and that during the attack they killed two policemen and seriously injured four others.

Moreno added that reinforcements were sent to the region by air to pursue the guerrilla column, which fled to the mountains, taking weapons and other police equipment.

According to a religious group that has kept a record of guerrilla operations in the first 3 months of 1988, during this period there was an average of one guerrilla operation a day.

Paraguay

Radio Caritas Cited on Papal Visit Problems

PY2005164488 Asuncion ULTIMA HORA in Spanish 19 May 88 p 12

[Text] This morning Radio Caritas [the Catholic Church radio] made public the difficulties it encountered in broadcasting the ceremonies conducted during the pope's visit.

The communique states:

"Sharing the people's Christian fervor and enthusiasm over the visit of the herald of love, our station planned to give the visit the broadest coverage possible. This coverage comprised the pope's visit to Paraguay, as well as to neighboring countries included in the pope's tour of South America."

"With satisfaction, we promised our cooperation to two other important members of the local media: Radio Primero de Marzo, and the afternoon paper ULTIMA HORA. We decided to cooperate because we realized the best way of expressing our adherence to the pope's principles was to overlook all competitiveness and work for more effective communication with all sectors of the Paraguayan people. We now feel an obligation to explain to our listeners the reasons we could not fully carry out our plans. A number of difficulties that were raised in official quarters were beyond our power to overcome and prevented us from fulfilling our promise," the communique says.

"In a political system whose successive hierarchical levels dilute responsibilities, we could nonetheless identify the official who, in this case, was responsible for these difficulties. He is Juan Jose Benitez Rickman, presidency information and culture under secretary. Although Under Secretary Benitez Rickman had publicly and privately promised to make our task easier, he did not want or did not know how to fulfill his promise," the note says.

"Right from the start we doubted the wisdom of the decision to broadcast all the ceremonies jointly with the national official network, but we had no chance to do otherwise. We accepted this restriction and requested from ANTELCO [National Administration of Telecommunications] the necessary permit and technical connections to broadcast with Radio Primero de Marzo all ceremonies that were not going to be broadcast by the official network. We also requested the necessary permit and technical support for the broadcast of the coverage to be sent from abroad by the special correspondent for the pope's flight," the comunique adds.

"To our surprise, ANTELCO informed us they had the technical means to comply with our request, but that all permits had to be issued by the Under Secretariat of Information. Although we thought the decision unusual, we requested the permit from the under secretariat. The slowness and vagueness of the under secretariat's response to our request, and the repeated delays, ended up making it impossible to carry out our original plans. This official institution finally acceded to some minor concessions," the note states.

"Other members of the media experienced similar difficulties, and even the communications commission for the pope's visit experienced friction with the under secretariat as a result of its disregard for appointments previously made. Some of this friction even occurred in the presence of representatives of the Holy See, who came to our country to prepare the pope's visit," the comunique points out.

"The difficulties mentioned in this communique are only a few of the numerous obstacles placed in our way that prevented us from carrying out our tasks. We could not fail to make these facts clear to the public, which deserves our greatest respect, nor fail to explain to our listeners the reasons we did not fulfill the promises made to them," the Radio Caritas communique concludes.

Caritas' Stance Scored

PY2105232288 Asuncion HOY in Spanish 21 May 88 p 9

[Editorial : "Under Secretary Deplores Attitude"]

[Text] Radio Caritas has had the deliberate objective of disturbing the happy experience of the unforgottable visit that His Holiness Pope John Paul II paid to Paraguay. While we are still vividly impressed by the presence and the words of the universal pastor of the Catholic Church, that radio station has ungratefully charged that its work has been deliberate hindered.

During the preparatory work for the honorable and pleasant papal visit, Radio Caritas questioned a decision by the Presidency Information and Culture Under Secretariat to implement the radio and television network to cover the ceremonies during the holy father's visit to Paraguay. This decision was made at the request of the association of owners of Paraguayan radio stations, including Radio Caritas, as stated in Note 34, dated 1 September 1986.

The under secretariat, with its complete technical and administrative infrastructure and in coordination with the National Administration of Telecommunications

(ANTELCO), has provided the media and the journalists who covered the papal visit with all available facilities to help them properly do their work.

This is demonstrated by the numerous notes of thanks we have received and are still receiving from local and foreign journalists and mass media for the cooperation they received during those days.

In this regard, it should be stressed that the Presidency information and culture under secretary and Eng Eduardo Kishi of ANTELCO were honored by Eng Roberto Castigioni of Vatican Radio for the assistance extended to the official Holy See radio station for covering the visit of John Paul II to Paraguay.

The broadcast signal aired by the radio and television network, without cost to any national station, was the same one used by Vatican Radio and all its affiliates throughout the world.

The Presidential Information and Culture Under Secretariat, conscious of the thorough fulfillment of its job to coordinate all communication efforts during the pope's visit, regrets Radio Caritas' unjustified attitude and reminds its directors of His Holiness John Paul II's apostolic recommendation: "The truth must be the cornerstone, the solid foundation of the entire social structure."

Laymen Actions Denounced During Pope Visit

PY2005201088 Asuncion PATRIA in Spanish
18 May 88 p 7

[Editorial: "Ideological Distortion"]

[Text] We adhere to logic and take positions in good faith. We do not distort ideas and we do not hide behind suspicious interpretations. We are straightforward and frank because we are democrats and we know that we are aligned with the large popular majority, who have confidence in President Alfredo Stroessner and in the program of the Colorado Party. We can state that we have opted for an ideology that is clear, nationalist, nonchauvinist, pluralist, and nontotalitarian. And we are convinced that only political stability can provide the peace necessary for development. But full development, as everything else in life, takes time and perseverance.

That is why we do not understand the local "laymen" who, in their participation in the program prepared for the visit of Pope John Paul II, decided to stab with a knife—which, by the way, caused only a superficial wound—and to resort to double-talk and opportunistic speculation.

We therefore accuse and denounce the "laymen" as playing politics and ideology with the Christian demands that were presented to the holy father as priorities for the Paraguayan people. In fact they are, but only in general terms, and not in terms of a proposal that would imply an obligatory option in a totalitarian sense.

Rule No 530 of the Puebla document—"not to use their authority to serve political parties or ideology"—must be complied with when "laymen" go about their pastoral mission and when they assume responsibility for the orientation of the so-called "base organization," whether they are organizations of workers, peasants, students, businessmen, poor neighborhoods, or whatever.

The "laymen" must not violate that rule, simply because there is no "absolute option" to the exclusion of all other organizations. So it has been said in the Puebla document, and we have recalled it in earlier editorials. We only repeat it today to demonstrate, with evidence in hand, what the error was of the "laymen," if simple error can be used to describe what is obviously a partisan and ideological position. Outside the "lay" (not belonging to the priesthood) umbrella, that position would be only natural; but it is not so when under the mantle of the church and when seeking shelter under the church structures of social action. Definitively and categorically, using the church to take such a position is not natural, and it must not be tolerated and must be corrected wherever that position surfaces, because it is a spurious, exploitive, conflictive, and dissociate outbreak.

However, it is not so just because we, who are loyal to the government and speak on behalf of a political party—a double role with which we are identified—say so. It is so because here we have on hand rule No 523 of the Puebla document. There, under Part II, the last heading, "Evangelization, Ideologies, and Politics," refers to the concept of politics and political commitments. It says "the actual performance of this fundamentally political task is normally in the hands of citizens' groups who strive to gain and exercise political power to resolve economic, political, and social problems, in accordance with their own criteria or ideology. In this sense, that is 'party politics.' The ideology developed by those groups, although it might be inspired in the Christian doctrine, may reach different conclusions. For this reason, no political party, no matter how much it is steeped in the church doctrine, can claim to represent all the church faithful, since its concrete program can never have absolute validity for everyone." The same definition can be found in the inaugural speech at Puebla by Pope John Paul II, which laid down the outlines of the Puebla document.

Having quoted those rules of the Puebla document, there only remains details to be filled in so that the fabrication can be seen. To do this, we have to look at the people of the "lay" movement—Rene Recalde and Maria Victoria Brusquetti de Ferreira—to find concrete evidence of the political and ideological wedge that was introduced in a meeting with the holy father, a meeting that was purportedly Christian and ecclesiastical. They mentioned the offering of "conclusions" made in a "final document" summarizing the debates held in a "national dialogue." However, recognizing that the dialogue had some pieces missing, this circumstance was used to express "preferences." So, the "ideological" tilt of the "preferred" participants in that dialogue and the transfer of their exclusive views into the "conclusions" become quite clear.

That is enough to invalidate the "lay" pretenses. This is further confirmed by the public declarations made by Rene Recalde, because whenever he makes such public declarations he puts his foot in his mouth. He is a well-known ideologized element in the extremist end of the radical spectrum. With the "lay" responsibility he assumes, Rene Recalde said of the "conclusions" to be handed to John Paul II: "We will try to submit to the holy father's consideration the real situation in which the various sectors that participate in the task of building society in our country find themselves." We have already said in an earlier editorial that just the form in which that purpose was enunciated reveals a strong ideological tint, because it takes for granted that "the situation in which the various sectors find themselves" is valid but exclusionary.

So that no doubt remains about his real position, Rene Recalde slipped into complete and unreserved ideology when he said: "During the meeting, the peasants, the workers, the politicians, etc. will be symbolically represented, while we (the 'laymen') briefly narrate the situation in which those sectors find themselves." The way Rene Recalde put it, this amounts to an ideological elaboration by a group and should not have been presented as "conclusions" from nothing less than a "national dialogue." It should not have been presented under the rules of the Puebla document, which we repetitively sum up: "No concrete program can never have absolute validity for everyone." And, consequently, those "conclusions" could not have been offered, as the "laymen" intended, that is, as the final word. That could not have been done in the presence of a number of representatives—who were ridiculously reduced by the promoters of that meeting—of the immense popular majority who, from the start, denounced the irreparable flaws in the planning of the "national dialogue." This was the reason that the popular majority did not formally participate in the dialogue. However, as far as the Colorado Party is concerned, it had at all times made known its position on the issues debated during the sessions of the dialogue through its own spokesmen.

Peasant Leader Corazon, 4 Others Arrested

PY2005122788 Madrid EFE in Spanish 0029 GMT 19 May 88

(Text) Asuncion, 18 May (EFE)—Today Paraguayan peasant leader Marcelino Corazon Medina was arrested by the police together with four fellow peasants. Today Pope John Paul II ended his 3-day visit to the country.

Corazon Medina and the other arrested peasants participated with 150 other people in a 2-day fast at La Encarnacion Church in Asuncion between 15 and 17 May to protest the situation of peasants in Paraguay.

A spokesman for the Workers Interunion Movement (MIT), the opposition labor coalition, told EFE the peasant leaders were arrested near San Lorenzo, 13 km south of the capital. No reason was given for their arrest.

The source said the peasant leaders are being held at the central police headquarters in Asuncion. They can only receive food and clothing; otherwise, they are being held incommunicado.

A member of the political department of the central police headquarters denied to EFE that Corazon Medinas was there, but added without elaboration that he could be in custody at some other police precinct.

The other peasant leaders under arrest are Arcadio Flores, Carmelino Torales, Pedro Gamarra, and Teodoro Gonzalez. All of them belong to the organization "Onondivepa" ("Among All," in Guarani). The group is headed by Corazon Medina.

Uruguay

Minister, UK Official Discuss Falklands

PY2405031588 Buenos Aires TELAM in Spanish 2007 GMT 23 May 88

[Text] Montevideo, 23 May (TELAM)—Today Uruguayan Foreign Minister Luis Barros Tassano stated that Uruguay is willing to offer its good offices for a peaceful resolution of the Argentine-British conflict over the Malvinas Islands. He made this comment after meeting for more than 1 hour with Timothy Eggar, British foreign minister under secretary.

Tassano said: I personally confirmed to Eggar the unconditional support of the Uruguayan Government for Argentine sovereignty over the Malvinas, and I think he clearly understood our position.

Regarding Uruguay's willingness to help find a peaceful solution to the British-Argentine conflict, Barrios Tassano stressed, however, that nobody has requested Uruguay's participation so far.

Barrios Tassano added: We have exchanged points of view on the best way to resolve this conflict through peaceful negotiations and on the possibility of beginning comprehensive talks on all the issues that Argentina and Great Britain disagree on regarding the Malvinas Islands, including fishing.

Barrios Tassano stated that he noticed that Eggar's statements revealed a rational approach to the problem, and he added that talks leading to a definitive resolution of the conflict could be feasible in the very near future.

Asked if he foresees a change in the attitude of Great Britain if Argentina declares a cease-fire, Barrios Tassano said his most accurate answer is: We expect there will be a change.